



LODI CITY COUNCIL

Carnegie Forum

305 West Pine Street, Lodi

AGENDA – REGULAR MEETING

Date: September 20, 2006

Time: Closed Session 5:00 p.m.
Regular Meeting 7:00 p.m.

For information regarding this Agenda please contact:

Jennifer M. Perrin

Interim City Clerk

Telephone: (209) 333-6702

NOTE: All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 24 hours prior to the meeting date.

C-1 Call to Order / Roll Call

C-2 Announcement of Closed Session

- a) Actual litigation: Government Code §54956.9(a); one case; Peter Rose et al. v. the City of Lodi, et al.; United States District Court, Eastern District of California, Case No. 2:05-CV-2232 GEB/PAN and consolidated cases
- b) Conference with Blair King, City Manager, and Jim Krueger, Deputy City Manager (Acting Labor Negotiators), regarding Lodi Professional Firefighters and Police Mid-Management, pursuant to Government Code §54957.6
- c) Actual litigation: Government Code §54956.9(a); one case, City of Lodi v. Michael C. Donovan, an individual; Envision Law Group, LLP, et al., San Francisco, Superior Court, Case No. CGC-05-441976
- d) Actual litigation: Government Code §54956.9(a); one case; Hartford Accident and Indemnity Company, et al. v. City of Lodi, et al., Superior Court, County of San Francisco, Case No. 323658
- e) Actual Litigation: Government Code §54956.9(a); one case; People of the State of California; and the City of Lodi, California v. M & P Investments, et al., United States District Court, Eastern District of California, Case No. CIV-S-00-2441 FCD JFM

C-3 Adjourn to Closed Session

NOTE: THE FOLLOWING ITEMS WILL COMMENCE NO SOONER THAN 7:00 P.M.

C-4 Return to Open Session / Disclosure of Action

A. Call to Order / Roll call

B. Invocation – Barbara Taylor, Lodi Police Chaplains

C. Pledge of Allegiance

D. Presentations

D-1 Awards – None

D-2 Proclamations – None

D-3 Presentations

- a) Presentation by the Lodi Area All Veterans Plaza Foundation of payment on loan from City of Lodi (CM)

E. Consent Calendar (Reading; comments by the public; Council action)

E-1 Receive Register of Claims in the amount of \$6,578,627.09 (FIN)

- E-2 Approve minutes (CLK)
 - a) August 1, 2006 (Shirtsleeve Session)
 - b) August 8, 2006 (Shirtsleeve Session)
 - c) August 15, 2006 (Shirtsleeve Session)
 - d) August 29, 2006 (Shirtsleeve Session)
 - e) September 5, 2006 (Shirtsleeve Session)
- E-3 Approve plans and specifications and authorize advertisement for bids for Domestic Outfall Sewer Pipeline Condition Assessment (PW)
- E-4 Authorize staff to issue requests for qualifications and develop a qualified-vendor database for financial planning, electric utility rates, power supply planning, and/or engineering services for the Electric Utility Department (EUD)
- E-5 Approve request for proposals for plans examining and building inspection services (CD)
- Res. E-6 Adopt resolution approving standardization of the City's desktop and notebook computers (ISD)
- Res. E-7 Adopt resolution appropriating additional funds for Change Order No. 14 for Lower Sacramento Road Widening Project, Kettleman Lane to Harney Lane (\$40,925) (PW)
- Res. E-8 Adopt resolution accepting improvements under contract for White Slough Water Pollution Control Facility Holding Pond No. 1 Rehabilitation, 12751 North Thornton Road, and appropriating additional funds (\$1,500) (PW)
- E-9 Approve amendment extending the term of the Northeastern San Joaquin County Groundwater Banking Authority Joint Powers Agreement (PW)
- Res. E-10 Adopt resolution amending the Electric Utility Department Rules and Regulations Nos. 13, 15, and 16 to recover the full cost of expanding the electric distribution system from new electric load (EUD)
- E-11 Accept notice of draft amendments to Conflict of Interest Code for the year 2006 (Government Code §87306.5) (CA)
- Res. E-12 Adopt resolution amending the Memorandum of Understanding with the Lodi Professional Firefighters for the period July 1, 2006 through June 30, 2007 (CM)
- Res. E-13 Adopt resolution amending the Memorandum of Understanding with the Lodi Police Mid-Management Organization for the period July 1, 2006 through June 30, 2007 (CM)
- Res. E-14 Adopt resolution appointing Randi Johl to the position of City Clerk and approving an employment agreement (CM)

F. Comments by the public on non-agenda items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted.

Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

G. Comments by the City Council Members on non-agenda items

H. Comments by the City Manager on non-agenda items

I. Public Hearings

- I-1 Public hearing to consider unmet transit needs in Lodi (PW)

Res. I-2 Public hearing to consider adopting a resolution amending the Electric Utility Department Rules and Regulations No. 15 to assess a Transmission and Substation System charge on new developments outside existing City limits as of August 1, 2006 (EUD)

Ord. I-3 Public hearing to consider introducing an ordinance amending Chapter 13.20, "Electrical Service," by amending Section 13.20.225, Schedule NEM (Net Energy Metering), and adding Section 13.20.227, Schedule CEM (Co-Energy Metering Rider), both applicable to qualified, customer-installed solar and wind generation, to become effective on November 1, 2006 (EUD)
(Introduce)

J. Communications

J-1 Claims filed against the City of Lodi – None

J-2 Appointments – None

J-3 Miscellaneous

a) Monthly Protocol Account Report (CLK)

K. Regular Calendar

K-1 Status of Code Enforcement regarding mobile food vendors (CD)

Res. K-2 Adopt resolution approving program guidelines of the Revolving Loan Fund for the City of Lodi's Economic Development Jobs Program (CD)

K-3 Approve expenses incurred by outside counsel/consultants relative to the Environmental Abatement Program Litigation and various other cases being handled by outside counsel (\$130,186.10) (CA)

L. Ordinances – None

M. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Jennifer M. Perrin
Interim City Clerk



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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Presentation by the Lodi Area All Veterans Plaza Foundation of Payment on Loan from City of Lodi

MEETING DATE: September 20, 2006

PREPARED BY: City Manager

RECOMMENDED ACTION: None required.

BACKGROUND INFORMATION: Bob Bechill, representing the Lodi Area All Veterans Plaza Foundation, will present a \$10,000 payment on loan from the City of Lodi.

FISCAL IMPACT: This payment will reduce the balance of the loan for the Lodi Area All Veterans Plaza by \$10,000, leaving \$369,950 remaining.

FUNDING AVAILABLE: None required.

Blair King
City Manager

APPROVED: _____
Blair King, City Manager



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Receive Register of Claims Dated Sep 5, 2006 in the Amount of \$6,578,627.09

MEETING DATE: September 20, 2006

PREPARED BY: Management Analyst

RECOMMENDED ACTION: That the City Council receive the attached Register of Claims. The disclosure of the PCE/TCE expenditures is shown as a separate item on the Register of Claims.

BACKGROUND INFORMATION: Attached is the Register of Claims in the amount of \$6,578,627.09 dated 9/5/2006 which includes PCE/TCE payments of \$4,645.26 and Payroll in the amount of \$1,128,495.38

FISCAL IMPACT: n/a

FUNDING AVAILABLE: As per attached report.

Ruby R Paiste, Financial Services Mgr.

RRP/kb

Attachments

APPROVED: _____
Blair King, City Manager

Accounts Payable	Page	-	1
Council Report	Date	- 09/05/06	
As of	Fund	Name	Amount
Thursday			

08/24/06	00100	General Fund	814,578.51
	00123	Info Systems Replacement Fund	1,655.02
	00160	Electric Utility Fund	4,133,852.57
	00161	Utility Outlay Reserve Fund	15.72
	00164	Public Benefits Fund	1,278.10
	00170	Waste Water Utility Fund	10,334.38
	00172	Waste Water Capital Reserve	6,398.35
	00173	IMF Wastewater Facilities	7,749.00
	00180	Water Utility Fund	4,702.86
	00181	Water Utility-Capital Outlay	5,900.00
	00194	South Central Western Plume	17,861.07
	00210	Library Fund	6,702.08
	00260	Internal Service/Equip Maint	9,842.69
	00310	Worker's Comp Insurance	2,232.47
	00321	Gas Tax	8,115.25
	00340	Comm Dev Special Rev Fund	10,901.84
	01211	Capital Outlay/General Fund	5,089.48
	01250	Dial-a-Ride/Transportation	145,512.17
	01410	Expendable Trust	52,031.29

Sum			5,244,752.85
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Total for Week

Sum			5,244,752.85
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Accounts Payable	Page	-	1
Council Report	Date	- 09/05/06	
As of	Fund	Name	Amount
Thursday			
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08/31/06	00100	General Fund	302,883.22
	00160	Electric Utility Fund	15,608.87
	00161	Utility Outlay Reserve Fund	750.88
	00164	Public Benefits Fund	5,314.33
	00170	Waste Water Utility Fund	4,650.93
	00171	Waste Wtr Util-Capital Outlay	3.98
	00180	Water Utility Fund	3,446.47
	00181	Water Utility-Capital Outlay	262.91
	00182	IMF Water Facilities	6,730.08
	00184	Water PCE-TCE-Settlements	168,563.09
	00194	South Central Western Plume	900.00
	00210	Library Fund	5,851.01
	00235	LPD-Public Safety Prog AB 1913	1,264.62
	00260	Internal Service/Equip Maint	18,454.39
	00270	Employee Benefits	32,474.83
	00320	Street Fund	500.00
	00321	Gas Tax	19,231.49
	00325	Measure K Funds	303,785.54
	00327	IMF(Local) Streets Facilities	41,525.56
	00338	IMF-Regional Transportation	4,337.31
	00340	Comm Dev Special Rev Fund	2,673.83
	00501	Lcr Assessment 95-1	173,332.50
	01212	Parks & Rec Capital	78,280.20
	01218	IMF General Facilities-Adm	1,289.43
	01241	LTF-Pedestrian/Bike	7,344.44
	01250	Dial-a-Ride/Transportation	125,276.53
	01410	Expendable Trust	4,492.54
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Sum			1,329,228.98
	00183	Water PCE-TCE	4,645.26
		-----	-----
Sum			4,645.26
		-----	-----
Total for Week			
Sum			1,333,874.24

Date - 09/05/06

Payroll	Pay Per Date	Co	Name	Gross Pay
Regular	08/27/06	00100	General Fund	746,658.62
		00160	Electric Utility Fund	124,994.15
		00164	Public Benefits Fund	5,023.95
		00170	Waste Water Utility Fund	64,050.28
		00180	Water Utility Fund	7,702.65
		00210	Library Fund	33,608.46
		00235	LPD-Public Safety Prog AB 1913	197.92
		00260	Internal Service/Equip Maint	16,335.71
		00321	Gas Tax	56,523.92
		00340	Comm Dev Special Rev Fund	38,409.20
		01250	Dial-a-Ride/Transportation	2,994.77
Pay Period Total:				
Sum				1,096,499.63
Retiree	09/30/06	00100	General Fund	31,995.75
Pay Period Total:				
Sum				31,995.75



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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Minutes
a) August 1, 2006 (Shirtsleeve Session)
b) August 8, 2006 (Shirtsleeve Session)
c) August 15, 2006 (Shirtsleeve Session)
d) August 29, 2006 (Shirtsleeve Session)
e) September 5, 2006 (Shirtsleeve Session)

MEETING DATE: September 20, 2006

PREPARED BY: City Clerk

RECOMMENDED ACTION: That the City Council approve the following minutes as prepared:

- a) August 1, 2006 (Shirtsleeve Session)
- b) August 8, 2006 (Shirtsleeve Session)
- c) August 15, 2006 (Shirtsleeve Session)
- d) August 29, 2006 (Shirtsleeve Session)
- e) September 5, 2006 (Shirtsleeve Session)

BACKGROUND INFORMATION: Attached are copies of the subject minutes, marked Exhibits A through E.

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Jennifer M. Perrin
Interim City Clerk

JMP
Attachments

APPROVED: _____
Blair King, City Manager

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, AUGUST 1, 2006**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 1, 2006, commencing at 7:01 a.m.

A. ROLL CALL

Present: Council Members – Beckman, Hansen, Johnson, and Mayor Hitchcock
Absent: Council Members – Mounce
Also Present: City Manager King, City Attorney Schwabauer, and Interim City Clerk Perrin

B. TOPIC(S)

B-1 "Presentation of developer responsibility for costs associated with electric line/service extension and possible changes"

George Morrow, Electric Utility Director, reported that staff has been researching how other electric utilities handle the cost sharing for line extensions, what the cost is for providing the service, and whether the City should update its current cost sharing procedure to provide for full cost recovery. Current City policy states that developers are responsible for substructures, which includes pipes, conduits, vaults, transformer pads, and pedestals, and the City is responsible for all other items, including wire, transformers, metering, extending lines, and overhead facilities. A majority of electric utilities place the responsibility for substructures on developers, including the physical work of installation; whereas, the City of Lodi performs the actual work and then charges the developer. Most electric utilities assign all other costs directly to new development or to those who require expansion of the system, and in Lodi, those costs are not currently passed on to developers. In comparison, Pacific Gas & Electric (PG&E), which is an investor-owned utility, rebates the developer/customer over time if it follows through on what it intended to do; otherwise, the rebate is not given and the developer/customer pays the costs. Generally, substation costs are not being assigned to developers; however, the city of Roseville is considering doing so, and the Sacramento Municipal Utility District and PG&E are currently assigning the costs if there is a direct, identifiable substation transmission cost associated with the development. In reviewing a four-year average, Lodi developers have been paying one third (or 33%) of the total cost package, and the City has been paying two thirds (or 67%). On average, this percentage represents \$365,000 to \$500,000 per year in expenses.

In response to Council Member Hansen, Mr. Morrow explained that historically electric utilities incurred all costs because it was a wealthy industry, the costs of distribution were small compared to the cost of new power plants, and the costs were eventually passed on to ratepayers through rates. As time passed, the costs became more significant, particularly with deregulation. Cities began growing dramatically, which prompted municipalities to begin passing the costs on to the developers. Lodi is at that point now where there is significant growth on the horizon, and this would help to realign some of the costs. This trend started about ten years ago, and five years ago most utilities began implementing full cost recovery methods.

In response to Mayor Pro Tempore Johnson, Mr. Morrow stated that there are presently four substations in Lodi. He believed there was enough capacity to serve the existing community, some future development within the current boundaries, and some new development over the next five to ten years should the City choose to annex additional land. At some point, however, new substations will be necessary for either capacity or for reliability. Regarding Delta College, Mr. Morrow believed that the two substations on the

east side of town would meet the increased needs. The concern would be growth in the southern portion of the community, as these areas are further away from existing substations, and it would be sensible to install another substation for better performance. Some electric utilities directly assign costs that are readily identifiable; whereas, others charge an assessment at the time of growth, which is what staff is recommending. Based on staff calculations, a generic substation would cost approximately \$7.5 million, with a transmission cost of \$400,000, and he believed the City would need another substation in five or so years.

Council Member Hansen questioned if the City could show that a new substation would be directly attributable to new development alone as opposed to both new development and existing service. Mr. Morrow responded that it would be the latter as the substation would be connected to the entire system, therefore, providing a benefit to the entire community.

Mayor Hitchcock questioned if a substation would be needed if the City had no further growth, to which Mr. Morrow responded in the negative; however, he explained that it may be needed in order to provide better reliability. Currently, there is a transmission line that brings bulk power from the PG&E Lockeford substation from the east; Lodi is impacted each time that substation experiences a problem, and it would be prudent to have another line coming into Lodi.

Mr. Morrow reported that the proposal from staff is that the developer/customer be responsible for all distribution system costs related to their expansion project and that there be an assessment for future substation transmission. The revenue from this proposal would be \$500,000 that could be set aside for reserves and could eventually help to keep rates low. For a typical 200 amp residential lot, developers currently pay \$750 and the City pays \$1,050, and this proposal would move the City's cost to the developer. With the recommended assessment fee of \$819 for substation transmission, the additional cost to the developer for a typical residential lot would be \$1,869, for a total cost for electric expansion of \$2,619.

In response to Mayor Pro Tempore Johnson, Mr. Morrow stated that the proposal does not change the type of equipment installed; the issue is who pays for it. During the recent heat wave, the City lost only 6 out of 3,600 transformers, where some utilities lost 10%.

In response to Council Member Beckman, Mr. Morrow explained that many investor-owned utilities manage their costs similar to PG&E, which may be due to their regulatory model and because they operate in hundreds of communities. Investor-owned utilities pass all of the costs through the rate base and make a profit on their investment. Mr. Beckman added that, in order to increase their customer base, they offer programs that do not penalize those who want to build in their area and he believed this put Lodi at a disadvantage to attract new business. Mr. Beckman felt that the City's transfer to the general fund from Electric Utility is considered a profit, as it is based on the number of customers. Mr. Morrow clarified that the City no longer transfers based on a percent of revenue; it is a flat rate. He stated that staff would check with the cities of Sacramento, Roseville, Turlock, and Modesto to see if this has negatively affected their expansion.

Council Member Hansen added that the City may not reimburse costs as does the investor-owned utilities; however, Lodi's industrial and commercial rates in certain categories have historically been lower, which he believed offset the cost issue for those looking to locate in Lodi.

With the aid of an overhead (filed), Deputy City Manager Krueger provided an overview of the various impact fees (i.e. water, sewer, storm drainage, etc.) that developers pay for a typical residential unit. With the proposed electric substation fee of \$819 included, a typical residential development would pay a total of \$20,500 in impact fees.

Council Member Hansen requested that staff provide a comparison of Lodi's impact fees with other cities in San Joaquin County when this matter comes back before Council.

City Manager King confirmed that various elements of the impact fees would increase at some point in the future and that the list did not include all of the impact fees (i.e. regional transportation impact fee, habitat conservation impact fee, etc.).

PUBLIC COMMENTS:

- Jeffrey Kirst stated that ten years ago the development community went from paying a fairly low rate to suddenly paying all associated costs. The development community had expressed to the City Manager at that time that it wanted to be on par with PG&E's rates, and in order to do so, it was determined that developers would pay for its portion of the wire and substructures for residential projects. He believed the reason PG&E reimbursed the money for the hard wiring was due to the fact that the California Public Utilities Commission ruled that the utility would be receiving a gift. He reiterated that the development community would like to be on parity with PG&E.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 7:49 a.m.

ATTEST:

Jennifer M. Perrin
Interim City Clerk

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, AUGUST 8, 2006**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 8, 2006, commencing at 7:00 a.m.

A. ROLL CALL

Present: Council Members – Beckman (arrived at 7:01 a.m.), Hansen, Johnson, Mounce, and Mayor Hitchcock

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and Interim City Clerk Perrin

B. TOPIC(S)

- B-1 "Presentation regarding issues associated with long-term rental of Hutchins Street Square facilities by local church"

City Manager King reported that the issue associated with this rental is whether or not Hutchins Street Square, which is a taxpayer subsidized facility, takes on a long-term tenant who would, on a regular basis, use a majority of the facility for a particular day and time to the exclusion of other events and activities. This request does not address the religious aspect of the use, but addresses the issue of an on-going tenant, which would offer a revenue stream to the City.

Steve Baker, Interim Community Development Director, reported that in March 2006 Council decreased the Sunday through Wednesday fees in an effort to bring more activities to the Square on under-utilized days, after which representatives from Heartland Community Church expressed an interest in holding its services there. The revenue would amount to \$50,000 a year, and the church would utilize the facility on approximately 50 weekends. This rental would conflict with a small number of other uses, such as the Crane Festival, which typically utilizes the entire facility, and various productions by Troup Cabana, St. Mary's, and the Community Concert Association, which involve stage set ups. The church would be required to move its music forward and work around the sets on these conflicting days. The desire is to increase the amount of drama productions, some of which may occur on Sunday afternoons or evenings, that could result in a conflict of uses. Another issue to consider is staffing, as it would be cost prohibitive to supply theater technicians for this on-going rental, and staff is proposing to provide a simple mechanism for church members to turn on and off the lights and manage its set up. The Square typically does not have janitorial staffing on Sundays, and there would be additional charges for weekend clean up. Even with an increase in drama and concert events, Sunday would most likely continue to be a low utilization rental day and there would be few conflicts with the theater. Mr. Baker pointed out that Kirst and Crete halls, which are rented the most, would not be affected by this proposal, and the church would be allowed to use the Rotunda on days that those rooms are not in use. Heartland Church is requesting a three-year agreement, and staff is recommending a one-year agreement with the option to renew.

Council Member Hansen expressed concern that this could be viewed as a partnership between the City and Heartland Church and that it could conflict with other activities at the facility. Hutchins Street Square is a community facility and he did not want to see community events precluded from utilizing the facility because of this long-term contract.

Pastor Chris Chavez, representing Heartland Community Church, explained that the church is in the process of raising funds to purchase a property and the hope is to relocate to a new facility within the next three years. The Square would serve as a central location for church delegates to attend services, which would also be open to the community at large. The commitment would be for three years, and he felt that the alternative of a one-year lease with two options to renew would be acceptable.

In response to Council Member Hansen, Pastor Chavez replied that the church intends to work with the Square and greatly supports bringing in further community events. Church representatives have discussed the possibility of potential conflicts and have a number of options to address the situation.

In answer to Council Member Hansen, Mr. Baker stated that the Square would incur greater expenses for janitorial services, and he is considering utilizing part-time staff to clean on the weekends and to help staff Saturday events. The proposal for the church to utilize the Square has not been formally presented to the Hutchins Street Square Foundation, and he anticipated that it would go before the board at its next meeting. Mr. Hansen stated that he would like to receive input from the board when this matter returns to Council.

Mayor Hitchcock questioned if the \$50,000 was net revenue (i.e. revenue less expenses for janitorial costs, security guards, electricity, etc.), to which Mr. Baker responded that the cost for security guards would be a wash and that there would be additional costs for janitorial, as well as electricity to control the temperature of the building over the weekend. Mr. Baker stated that he would provide an estimate of the costs.

In response to Council Member Beckman, Mr. Baker stated that there would most likely be two conflicts a year for Sunday use of the theater. Mr. Beckman suggested including language in the contract that Heartland agree to give up the theater one to two times a year and that the City provide advance notice as to when those conflicts would occur. Mr. Beckman added that he is a member of Heartland Community Church.

In response to Council Member Mounce, Pastor Chavez stated that the church would utilize the Square on Sundays for four to five hours, which includes set up and clean up.

In response to Mayor Pro Tempore Johnson, Pastor Chavez replied that the church congregation includes 200 to 300 adults, and the hope is that the larger facility at the Square would encourage growth, which would transition into the new permanent facility. The lease on the current church building concludes at the end of this year and includes an option to renew for two and a half years. The structure is over 9,000 square feet and accommodates church services, youth activities, and offices. The facility will continue to be maintained, along with the lease at the Square, in order to conduct the many weekday activities and classes.

Mayor Pro Tempore Johnson also expressed an interest in receiving input on this proposal from the Hutchins Street Square Foundation.

Mayor Hitchcock requested further information on the actual revenue once the costs associates with wear and tear of the building, heating, air conditioning, lighting, and janitorial services are factored into the amount. She further questioned if the City has an obligation to put this proposal out to bid and whether there are others who would like to utilize the facility in this manner, as this has the potential to exclude a number of events that are consistent with a performing arts theater.

Mr. Baker stated that this proposal is viewed as a rental contract and that, had this been a month-to-month contract, the church would have been allowed to utilize the facility. It is the long-term nature of the contract that is at issue and is the reason it has been brought forward. He added that no other churches have expressed an interest in using the facility for Sunday services; although, some have used the Square on weeknights for special events or services.

Ken Levy, representative of Heartland Community Church, stated that there are few churches that would have the size and resources to do what they are doing. In regard to potential conflicts, he stated that Heartland Church would be accommodating and he hoped that the City would give as much warning as possible. Heartland may sublease a portion of its current facility to another church for a reduced rate; however, it would serve as an alternative for Sunday morning services if there is a conflict at the Square.

Council Member Hansen expressed support for a one-year contract with the option to renew versus a three-year contract and questioned what type of language addressing termination notice would be built into the contract. City Attorney Schwabauer responded that the contract would be written according to the specifications set forth by Council (i.e. 30-day notice, one-year notice, etc.).

Council Member Mounce requested that the contract include a provision that the City give advance notice to the church if there is conflict with another event.

In response to Mayor Hitchcock, Bob Smith, representing Heartland Community Church, stated that, in the event of a conflict, the church would be very flexible. If it must work around sets on the stage, it would reduce the band set up, which would also reduce the time needed to set up and clean up for the service. The church has outgrown its current facility and would like to settle at a permanent location; the Square offers a short-term solution for the church, as well as a revenue stream to the City. He viewed this as a win-win solution for both organizations. The goal of the church is to locate its new facility within, or in very close proximity to, Lodi.

Mr. Schwabauer, speaking as a member of Lodi House, pointed out that Heartland Community Church donates a considerable amount of money to its organization, as well as to other charitable organizations in the community.

PUBLIC COMMENTS:

- Myrna Wetzel added that the church was also instrumental in helping Katrina victims.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 7:50 a.m.

ATTEST:

Jennifer M. Perrin
Interim City Clerk

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, AUGUST 15, 2006**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 15, 2006, commencing at 7:02 a.m.

A. ROLL CALL

Present: Council Members – Beckman, Hansen, Johnson, Mounce, and Mayor Hitchcock

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and Interim City Clerk Perrin

B. TOPIC(S)

B-1 "Presentation and discussion of automated staffing system (TeleStaff) for the Fire Department"

Fire Chief Pretz reported that TeleStaff has been operating since 1990 and over the last 16 years has perfected its automated staffing program to be computer, phone, and Web based. Battalion chiefs spend an hour to an hour and a half daily putting together the schedules, filling vacancies due to sick leave and vacations, calling back employees for overtime to meet minimum staffing requirements, and notifying Fire Administration, each fire station, and the Stockton Dispatch Center of the final schedule for the day. Chief Pretz demonstrated the multiple, redundant steps that are completed each day, as well as the various reports and programs used, throughout this daily process. A set procedure is followed for calling back staff, which includes working from voluntary and mandatory overtime lists until all slots are filled. Should an opening occur in the middle of a shift, the process starts over again. Time cards, overtime cards, and exceptions reports are verified, finalized, and submitted to the Finance Department in the required format. Every 27 days, payroll provides a report of the hours worked, including overtime and leave balances for each employee as required by the Fair Labor Standards Act. All of this is manually tracked, is time intensive, and allows room for human error. There are specific rules that state, if someone is called out of sequence to work overtime, that person as well as the individual who was overlooked would both receive overtime pay.

Kevin Donnelly, Fire Division Chief – Operations, presented examples (filed) of the various forms used to manually track staffing and payroll related tasks and explained that TeleStaff would automate the staffing, callback, and emergency notifications for the Fire Department.

Mayor Pro Tempore Johnson questioned if this hour and a half process was in preparation for work on that day or for the next, to which Mr. Donnelly responded that it is for that day, as well as nine days out. The Fire Department works on a nine-day schedule, and the same crew works on the same shifts for that period of time. Mr. Donnelly further explained that each platoon (three total) works alternating 24 hours (three on and two off), followed by four days off.

With the aid of a PowerPoint presentation (filed), Mr. Donnelly demonstrated the problems with manually processing the payroll. Fire staff currently uses a pager system as the notification process to call back staff for an emergency or to provide information regarding work schedules, special meetings, or training. Scheduling utilizes three separate computer programs: Outlook calendar for scheduling time off requests; the FireHouse RIMS system for tracking personnel on shift, training, and inspection programs; and an in-house overtime tracking system, which is used to facilitate the development of the list for call back opportunities. In addition, there are six paper files used throughout the process.

Council Member Hansen questioned how the mandatory overtime list works and what time of day employees are typically called, to which Mr. Donnelly stated that the mandatory overtime list can only be utilized for the day of the need and is usually done in the morning. The nine day in advance overtime is on a voluntary basis. Employees are allowed to turn down mandatory overtime once, after which they are penalized hours if they turn it down a second consecutive time. The hours are the measure of where one is on the list. Once an employee serves on a mandatory basis, it wipes the slate clean, and there would be another opportunity to turn down mandatory overtime due to any reason. Not all employees are on the mandatory overtime list; it is voluntary to sign up and there are benefits associated with it that work in lieu of a seniority system.

Chief Pretz explained that many of these rules have evolved over time and are a direct result of problems that happened during a process. Any changes to the current system would require a great deal of negotiation and buy-in from the employees; this proposal would automate the process and remove the error factor.

City Manager King stated that this type of complexity is not unique to Lodi and is quite common among fire departments. Any attempt to change or streamline the process would be subject to a meet and confer process as most of the rules are either articulated within the Memorandum of Understanding or are considered past practice.

Council Member Beckman stated that American Medical Response recently switched from 24-hour shifts to 12-hour shifts and questioned if doing this would solve the City's staffing issues, as well as provide a higher level of service. Chief Pretz responded in the negative, adding that it would double the problem and increase the number of workers compensation claims. He believed the 12-hour model was not viable; however, the 10/14 model would be a better option for fire services, which allows firefighters to work a 10-hour day shift and 14-hour night shift (or some combination of 24 hours).

Mayor Pro Tempore Johnson questioned whether the firefighters union would accept this automated system and if this would alleviate its concerns and grievances. Mr. Donnelly responded that he has been meeting with the group to discuss ways of reducing errors and maintaining fairness. The union's main concern is that time is fairly distributed based upon the rules, and TeleStaff would make every effort to apply all City regulations to the program. Union members have spoken with other agencies that currently use this program and have expressed their support.

Mr. Donnelly reviewed the following features of the TeleStaff system:

- Ensures implementation of fair and consistent hiring practices;
- Manages human resources policies, allowing for reports and tracking of types of time off (e.g. injury leave, sick leave, etc.) by individual;
- Provides telephone, Web, and computer access to employee calendars;
- Manages dynamic daily rosters of all activities. If the schedule changes during the middle of a shift, the program would automatically fill any vacancies;
- "Turnkey" hardware/software solution;
- Experienced in nationwide software distribution and maintenance and is used for police and fire departments throughout the country;
- Supports authorized scheduled requests and inquiries from any touchtone phone and Web browser, which would allow employees to answer requests for overtime, view the schedule to request time off, or change contact information. Each user would have his/her own password to access the system;
- Operates on existing computer network and supports virtually all network protocols;
- Includes a sophisticated security system, will be password protected, and will grant individuals certain rights into the system (i.e. some will have view access only; others will have authority to approve or fill time off based on applied rules);

- Generates a detailed staffing usage report with the ability to track time off;
- Accurately reports daily payroll and will export the information into an Excel file, which is the required format of the Finance Department;
- Roster includes hourly head count of on-duty personnel including their station or shift assignment;
- Provides telephone pager delivery of staffing notifications, requests for work, and general messages. Staff can create up to three per individual contact points.

The program would show changes to the staff roster in real time, utilizing the City's payroll codes, and would indicate employees' areas of expertise (e.g. driver, hazmat, etc). A customized message could be sent to a group if there is a staff meeting or a need to operate the emergency operations center. It could also call with reminders regarding work schedules or shift trades. Work history reports can be generated showing hours worked, sick or vacation leave taken, and remaining balances of accrued time. The advanced calendar allows staff to view the anticipated staffing needs ahead of time, can be used for any working group or code, and can also aid in identifying leave trends. Rules can be applied to messages sent to staff to include contacting multiple phone numbers and allowing a specified response time before continuing on to the next number. There are 45 other California public safety agencies currently using TeleStaff, including Elk Grove Community Services District and Sacramento, Manteca, and Tracy fire departments. For a 65-user license for the Fire Department, the initial start up cost would be \$28,000, which would include hardware, software, development, and licenses. For both the Fire and Police Departments, a 150-user license would be \$45,000, and for City-wide deployment, a 400-user license would cost \$90,000. The recommendation at this time is to purchase the program for the Fire Department only. Annual maintenance costs would include full implementation, training, updates, and support, and Mr. Donnelly estimated the price would be equivalent to 10% of the program cost. The program is expandable and the City would be able to purchase additional licenses at a later time for roughly \$1,000 per block of 20 users.

In response to Mayor Hitchcock, Chief Pretz stated that staff had considered a program for management of the emergency operations center, which could be utilized to notify residents in certain areas of issues that may affect them (e.g. police training, hazardous materials incident, etc.) or notify residents city-wide in case of an emergency. This type of notification system is not being recommended at this time.

In answer to Mayor Hitchcock, Mr. Donnelly stated that the quote for the TeleStaff system includes \$4,000 in hardware, particularly for telephone interface equipment, and staff believed it was prudent to utilize the manufacturer's hardware versus purchasing it separately, not knowing whether it would be compatible.

Mayor Hitchcock questioned whether this expense was budgeted as she did not recall specific discussions regarding the program during the budget process, to which Chief Pretz responded that \$31,000 was budgeted under Administration computer costs.

Council Member Hansen believed that 45 fire departments nationwide was not an impressive number and questioned how thoroughly staff researched this system, as well as others. Mr. Donnelly stated that most systems are based on a standard business model and are not flexible in accommodating the rules of independent agencies. TeleStaff was designed on a fire model and is the predominate program used by those agencies who have moved to an automated system. There are some fire services that have a staff officer whose primary job is to ensure that staffing levels are adequate. He pointed out that the TeleStaff system is compatible with the Fire Department's systems and, over the last ten years, has been proven to work well.

In response to Mayor Pro Tempore Johnson regarding potential benefits, Deputy City Manager Krueger stated that he believed the program was expandable should the City choose to broaden the system beyond the Fire Department; it would interface well with the Finance Department's payroll reporting requirements; and it would reduce the redundancies in the process, allowing for greater efficiencies. Mr. Johnson expressed concern for purchasing a program that would only serve to manage a cumbersome paper process, rather than improving upon the method.

Mr. King summarized that this matter would come back to Council in September for consideration on whether or not to move forward with the purchase.

PUBLIC COMMENTS:

- Myrna Wetzel questioned how much this program would reduce the one and a half hours spent on payroll related tasks, to which Mr. Donnelly explained that the model assumed a 70% time savings. Chief Pretz added that in ten months the City would receive back the entire cost of the program in efficiencies. Ms. Wetzel questioned if the program would be secure and protect against computer hackers, to which Chief Pretz responded in the affirmative.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:26 a.m.

ATTEST:

Jennifer M. Perrin
Interim City Clerk

**CITY OF LODI
 INFORMAL INFORMATIONAL MEETING
 "SHIRTSLEEVE" SESSION
 CARNEGIE FORUM, 305 WEST PINE STREET
 TUESDAY, AUGUST 29, 2006**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 29, 2006, commencing at 7:04 a.m.

A. ROLL CALL

Present: Council Members – Beckman, Hansen, Johnson, and Mayor Hitchcock
 Absent: Council Members – Mounce
 Also Present: City Manager King, City Attorney Schwabauer, and Deputy City Clerk Taylor

B. TOPIC(S)

B-1 "Receive a presentation on Eastside Mobility Access Plan"

Peter Pirnejad, Planning Manager, stated that the City was award an \$80,000 grant from Caltrans to provide the opportunity for a consensus-building exercise toward linking land use with some elements of transportation. The purpose of the grant was to look at key critical access routes to improve pedestrian and bicycle mobility and safety and to aesthetically improve the area, including trees and sidewalks, while being sensitive to the context of the community being developed. The Eastside Mobility Access Plan (EMAP) was so well received by Caltrans that it invited City staff to speak to other grant recipients about pulling together a scope of work in an established corridor of the community to be studied. The study area was comprised of Sacramento Street south of the Lodi Transit Station to Lodi Avenue, Lodi Avenue east to Central Avenue, and Central Avenue south to Tokay Street. Residents within the surrounding community were invited to participate in the creative phase of the study.

In response to Council Member Hansen, Mr. Pirnejad reported that at this time there is no indication that additional funds will be available from Caltrans for implementing the study results; however, Council may wish to consider utilizing transportation or Community Development Block Grant funds to implement study results as growth and opportunities present themselves. He noted that as of this date Public Works has already identified the area of Lodi Avenue at the railroad tracks as a future location for improvements, and the new Smart and Final on Lodi Avenue between Stockton Street and Washington Street will be making landscaping improvements to enhance its property based on the EMAP study recommendations. Council Member Hansen stated that, as Lodi's representative on the San Joaquin Council of Governments (SJCOC), he agreed that improvements needed to be made at Lodi Avenue and the railroad tracks; however, he expressed concern about Public Works installing improvements and then SJCOC constructing an underpass project at that intersection.

City Manager King commented that the EMAP study did not look at funding for projects nor did it identify the feasibility of implementing improvements or maintenance costs on improvements. He shared that at this time there is no "next phase" to the study because there is no cost structure or funding available when measured against other capital projects throughout the Qty. At this time, there is no commitment by Council to implement the study; however, there may be opportunities over the course of the next decade where various elements could be implemented through conditions placed upon private development, both in terms of construction and maintenance, or through available program or tax implemented funding.

Community Development Director Hatch stated that, while Caltrans currently offers no additional funding to implement the study, the topic of the study is being discussed by the legislature, which prompted the Caltrans grant program. He shared that, with the completion of the design phase of the study, the City is ahead in its position should grant funds become available.

Rosemary Dudley, Urban Designer, representing Moore Iacofano Goltsman (MIG), provided a highlight of the process and outcome of the study covering Sacramento Street, Lodi Avenue, and Central Avenue (filed). In January 2006, the steering committee, comprised of representatives from the community and the Public Works, Community Development, and Police departments, met to discuss and assess existing conditions within the study area. The committee conducted a site tour to identify the weaknesses and strengths of the area in order to shape what would be taken to the community in a bilingual community workshop conducted on March 29 at Heritage Elementary School. Through neighborhood flyers, word of mouth, and communication to local school students and parents, more than 50 people were drawn to participate in an animated, hands-on exercise to review maps of the area and identify needs they felt were priorities. During the initial presentation, it was explained that the workshop was the vision portion of the study and that implementation could be years off – the goal was to set specific design guidelines to be followed as funding became available.

Principal ratings within each category were: 1) pedestrian network including sidewalk amenities, crosswalks, railroad crossing, signage, and landscaping; 2) the active public realm which included lighting, gathering spaces, alleys, and safety; 3) a sense of place with regard to cultural design and how to focus on the identity of the community; and 4) circulation of flow including bus stops, bike lanes, and a potential roundabout. Public Works has completed a significant amount of improvements on Sacramento Street from Pine Street to the transit station and will continue its work toward Lodi Avenue. Walking south from the transit station, the sidewalk is in poor condition, unpleasant fencing exists, and poor lighting presents the appearance of a safety concern. A small gathering space is suggested for the northeast corner of Sacramento Street at Lodi Avenue, which would contain planting, landscaping, seating, and signage for pedestrians and vehicles including transit and social services resources. Planning Commissioners suggested that the Maple Square Park and area be considered for incorporation in the improvements for the district. On Lodi Avenue, many challenges and opportunities were provided including the safe right-of-way for pedestrians and bicycles on such a busy, four-lane thoroughfare. One of the main topics of discussion was the limit of space for trees, resting areas, and the enlargement of very narrow sidewalks. Improvements to the railroad crossing have been completed, greatly reducing the danger to pedestrians that were moving into traffic to avoid uneven and rough pavement when crossing the tracks.

In response to Mayor Pro Tempore Johnson, Ms. Dudley stated that preliminary studies by Public Works staff have indicated that there appears to be an excess capacity on Lodi Avenue between Stockton Street and Central Avenue, which allowed the committee to look at the number of travel lanes and develop two options: 1) allow for a substantial sidewalk width and a central median planted with trees by reducing the travel lanes to two east of Stockton Street, or 2) maintain two travel lanes and a central left-turn lane with no center median, which would allow for sidewalks on both sides. The second option received the majority of support from community members during the workshop.

The committee also reviewed under-utilized properties and provided suggestions for owner improvements to include landscaping, pocket park treatments, and the addition of bus stops which currently do not exist on Lodi Avenue. At the workshop, there was a great deal of enthusiasm during the discussion of Central Avenue, which flows through the cultural heart of the neighborhood. The district is mixed use and experiences a lower traffic flow, which allowed more options to discuss wider sidewalks, lighting at alleys intersecting with Central Avenue, and enhanced landscaping. Three options for increasing the sidewalk width, raising crosswalk treatments, and allowing for the gateway were reviewed: 1) leaving mature trees intact, extending and expanding the sidewalk on the street side between the trees and street; 2) provide an asymmetrical sidewalk that increased the north-faced sidewalk into a promenade; and 3) allow for diagonal parking within the area (a combination of parallel and diagonal parking currently exists). The third option was the most widely accepted by the community; however, Public Works informed the committee that Central

Avenue has been identified as a future location for a Class 1 bike lane, which would not allow for diagonal parking due to safety issues/ therefore, the committee's final report focused on recommending options two and three.

Ms. Dudley reported that the first series of action steps identified and recommended are: 1) integrate with the Smart and Final site design; 2) extend the streetscape design at Lodi Avenue; 3) create a social corner at Lodi Avenue and Sacramento Street; and 4) focus on the improvements on Central Avenue, and plan that first corridor within this study to receive the full set of improvements. The basic premise is pedestrian and bicycle connectivity and safety, and then supplemental is transit, circulation, and parking while using a corridor that people would typically use with the main anchor being the station on Sacramento Street reaching into the heart of the community on Central Avenue.

Mayor Pro Tempore Johnson suggested that, in consideration toward celebrating cultural community, community members might be encouraged to paint and design their homes in colors and facades that celebrate the mix of cultures and ethnicity, and consider painting murals on the walls of businesses in the Central Avenue area. He shared that many vibrant colors and themes throughout cultural centers in Chinatown, Japantown, and other ethnic-centered cities come alive and are established as the heart of communities.

In reply to Mayor Hitchcock, Ms. Dudley shared that a roundabout on Central Avenue received more positive response than expected; however, there may not be adequate right-of-way in that intersection to accommodate a roundabout with the traffic flow and potential bike lane. Also in reply to Mayor Hitchcock, Ms. Dudley explained that, during the discussion of Lodi Avenue between Sacramento and Central Avenue, the focus of the community was very much in disagreement in terms of accommodating four travel lanes with current sidewalks versus reducing lanes in certain places to allow for pedestrian traffic. A middle ground was found for recommendation purposes, but not every member of the community present that day would agree with the recommendations.

Council Member Hansen remarked that the study results bring up a key issue in deciding the future of a main thoroughfare such as Lodi Avenue. When proposing to reduce lane traffic on an established street by reducing the lanes and the flow of traffic, Public Works may want to consider input not only from local neighbors, but from a larger group of the community that utilizes the thoroughfare.

In response to Council Member Beckman, Ms. Dudley stated that the level of service on Lodi Avenue would be affected by the reduction of lanes, but that the design recommendation allowed for right-turn lanes as well as a central left-turn lane to preserve the level of traffic flow while addressing pedestrian and bicycle safety.

City Manager King commented on the importance of policy consideration, stating that Public Works and Planning have recently been discussing the maintenance and level of traffic flow and service in intersections, and whether it conflicts or enhances the General Plan goal of creating a pedestrian-oriented community. Within that context, this study emphasizes a plan that encourages pedestrian traffic to blend with the planned needs of vehicle traffic. He shared that staff is in a position to suggest to Council recommendations for cooperative projects that would support a safe and balanced level of service for vehicles and pedestrians.

In reply to Council Member Hansen, Community Development Director Hatch stated that, with the addition of Smart and Final, the community experiences an immediate payoff on the EMAP study. It will provide a positive impact in the area by upgrading the property with landscaping in the parking lot and enhanced landscaping and/or plazas at the east and west corners of the property on Lodi Avenue. While Smart and Final is not large enough to fall within the new design guidelines adopted by Council, Smart and Final is highly motivated to voluntarily comply with beautification standards within the community.

PUBLIC COMMENTS:

- Myrna Wetzel mentioned that in Turlock the traffic flows off of main arteries into the local neighborhoods and she asked that traffic flow caused by these unintended consequences be a part of the review and decision-making process in implementing the EMAP study.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:00 a.m.

ATTEST:

Jacqueline L. Taylor
Deputy City Clerk

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, SEPTEMBER 5, 2006**

The September 5, 2006, Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was canceled.

ATTEST:

Jennifer M. Perrin
Interim City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Plans and Specifications and Authorize Advertisement for Bids for Domestic Outfall Sewer Pipeline Condition Assessment

MEETING DATE: September 20, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council approve the plans and specifications and authorize advertisement for bids for the above project.

BACKGROUND INFORMATION: The Domestic Outfall sewer pipeline currently conveys an average of 6.5 million gallons per day (mgd) of domestic wastewater flows from town to the White Slough Water Pollution Control Facility (WSWPCF). The pipeline is one of the City's most essential and critical facilities. The 40-year old pipeline is approximately 33,000 linear feet long and is constructed of reinforced concrete pipe. The pipeline ranges in size from 36-inch diameter to 48-inch diameter and extends along a diagonal course bisecting roads, vineyard and other croplands.

Concrete pipe used for sewage deteriorates due to hydrogen sulfide reactions. (The City stopped using concrete pipe for sewers decades ago.) Staff and various consultants have monitored portions of the line since the late 1970's. In 2003, our consultants recommended a chemical addition pilot test which due to the pipeline, alignment and wastewater characteristics, proved that chemical addition was not a cost-effective alternative for controlling corrosion in the pipeline. A short portion of the pipeline near the White Slough facility failed and was replaced in early 2006.

The proposed rehabilitation project will be separated into multiple phases of work. Phase 1 includes assessing the condition of the entire outfall pipeline using closed circuit television (CCTV) equipment and pipe penetration testing. The CCTV assessment will visually document the condition of the outfall pipe and measure the pipe thickness at selected locations. Since hydrogen sulfide corrosion effectively turns the concrete pipe into a paste-like consistency and thus compromises the structural properties of the material, pipe penetration testing will provide information to estimate the actual thickness of sound concrete that is remaining in the pipeline cross-section. Data collected during the assessment will facilitate the preparation of pipeline rehabilitation alternatives that would best fit the pipeline condition.

Subsequent work, both in terms of scope and timing, will depend on the results of the Phase 1 investigation.

FISCAL IMPACT: The FY 06/07 Capital Budget has appropriated \$430,000 toward Phase 1 and Phase 2. Phase 3 will cost roughly somewhere in the \$6 to \$10 million range, depending on the rehabilitation method. Financing this work will be considered along with the White Slough Treatment Facility Phase 3 improvements.

APPROVED: _____
Blair King, City Manager

FUNDING AVAILABLE: Estimated Project Cost: \$80,000
Wastewater Fund approved in 06/07 Capital Budget

Ruby Paiste, Financial Services Manager

Richard C. Prima, Jr.
Public Works Director

Prepared by Charlie Swimley, Senior Civil Engineer

RCP/CES/pmf

cc: F. Wally Sandelin, City Engineer
Frank Beeler, Water/Wastewater Superintendent
Del Kerlin, Wastewater Superintendent
Kevin Gaither, Senior Engineering Technician



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Authorize staff to issue requests for qualifications and develop a qualified-vendor database for financial planning, electric utility rates, power supply planning, and/or engineering services for the Electric Utility Department (EUD)

MEETING DATE: September 20, 2006

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council authorize staff to issue requests for qualifications and develop a qualified-vendor database for financial planning, electric utility rates, power supply planning, and/or engineering services for the Electric Utility Department for future projects.

BACKGROUND INFORMATION: The Electric Utility Department (EUD) periodically requires professional services from third party vendors. Services requested of these professional firms vary in magnitude, complexity and cost.

The purpose of the Requests for Qualifications is to develop a list of pre-qualified professional service-providers (engineers, consultants, planners) from which the Department may request future work.

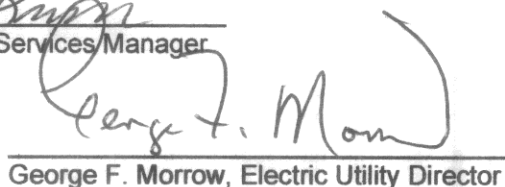
Once a list is developed, EUD has the option to call upon one or more professional consultants on an as needed basis. There is no implied or explicit guarantee of work for consultants on the approved list established as a resource base for EUD. The Department expects the list to be valid through 2008.

For projects with an expected cost exceeding \$20,000, EUD would bring to the Council a separate request for authorization to award a contract for professional services. Such request would detail the scope of work, the projected cost, and the expected benefits of the project.

FISCAL IMPACT: Total annual outlay not to exceed budgeted amount.

FUNDING: EUD's FY 2006-07 Professional Budget for services -- \$95,000


Ruby Paiste, Financial Services Manager


George F. Morrow, Electric Utility Director

Prepared by: Stacy Olson, Rate Analyst
Attachments (2)
Cc: City Attorney

APPROVED: 
Blair King, City Manager



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Request For Proposals (RFP) for plans examining and building inspection services.

MEETING DATE: September 20, 2006

PREPARED BY: Randy Hatch, Community Development Director

RECOMMENDED ACTION: Authorize the release of the Request For Proposals (RFP) for plans examining and building inspection services.

BACKGROUND INFORMATION: The Building Inspection Division currently relies on an outside consultant Linhart Petersen Powers Associates (LP2A) to perform plan review since it does not have a registered engineer or licensed architect on staff. Many projects that are submitted for plan check are very complex and require the expertise of a licensed professional to review the plans to insure compliance with the California Building Code. For example, projects such as police and fire stations are required by State law to be reviewed by a registered engineer or licensed architect. Currently, the Division has assigned one building inspector to plan check residential and miscellaneous structures and non-structural commercial projects. Other inspectors help with less complicated plan checking as time permits. While we use LP2A to check the non-residential structural projects, there are also times when there is a backlog of plans and our consultant cannot perform a timely plan check. State law requires that the residential plan reviews be completed within 30 days and commercial within 45 days.

Further, the building community in Lodi has expressed a desire to have more than one consultant to choose from, especially when the consultant is exceeding the agreed upon turn-around times. During busy times, there is a need to give the department more options for obtaining the most qualified consultant with the best turn around time.

While obtaining a list of qualified plan checking and inspection services will not obligate the city to use the list, it does give the division more flexibility in providing the best service to the public and gives the applicants more choices. The selected plan checking and inspection firms will be brought back to the Council to formally be added to our contract list.

FISCAL IMPACT: None

FUNDING AVAILABLE: The service will be funded by the collection of plan check fees paid by the applicant. These fees are collected upon application and a percentage is kept by the City Building Inspection Division.

Ruby Paiste, Financial Services Manager

Randy Hatch
Community Development Director

RH/kjc
Attachments: RFP

APPROVED: _____
Blair King, City Manager

City of Lodi
REQUEST FOR PROPOSAL

I. INTRODUCTION

The City of Lodi building Inspection Division is inviting qualified consultants to submit proposals to provide contract plans examining and building inspection services for an unspecified time.

II. OBJECTIVES

The City of Lodi is looking for contract services that meet the following:

- A. Shall have on staff a registered structural engineer and qualified support staff.
- B. Be able to perform all non-structural review including building , plumbing, mechanical, electrical, energy and disabled access.
- C. Provide a turn around time of 10 working days for residential and small miscellaneous projects and 15 working days for non residential projects.
- D. Have insurance coverage for general liability of \$2,000,000.

III. PROPOSAL REQUIREMENTS

- A. Criteria for Proposal Acceptance and Consideration:

Proposals will be reviewed and considered based upon the following criteria: 1) the level of experience of the personnel available to provide the services, and 2) A competitive fee structure 3) Available staffing to accommodate the desired turn-around times.

- B. In order for us to properly evaluate each proposal, the following information must be provided:

- 1. Resume of the personnel who would be assigned to fill the contract position, listing all pertinent information, experience and background which goes toward meeting the objectives listed above.
 - 2. A proposed fee structure which is competitive with existing contracts.
 - 3. Verification of the appropriate insurance coverage.

IV SELECTION PROCESS

Proposals will be reviewed by the Building Official and Community Development Director. Complete proposals will be evaluated on the bases of the information submitted. This evaluation will allow then for a recommendation to the City Council for a contract to be awarded to one or more firms.

VII. REJECTION OF PROPOSALS

The City of Lodi reserves the right to reject any and all proposals and to solicit new proposals with modified terms and conditions. It also reserves the right to waive any informalities in connection with proposals.

VIII. INFORMATION REQUESTS

Information regarding this project and the proposal work can be obtained by contracting Jerry Herzick, Building Official, at (209) 333-6714.

MAILING LIST

Bureau Veritas, LP2a
7610 Auburn Boulevard
Citrus Heights, CA 95610

Precision Inspection Company, Inc.
1220 Main Street
Newman, CA 95360

Willdan
2399 Gateway Oaks Drive, Suite 210
Sacramento, CA 95833

NAFFA International
7485 North Palm Avenue, Suite 106
Fresno CA 93711

Neil Anderson & Assoc. Inc.
902 Industrial Way
Lodi, CA 95240

Ms. Dee Renfro
Marketing Director
Interwest Consulting Group
9300 West Stockton Blvd., Suite 105
Elk Grove, CA 95758



CITY OF LODI COUNCIL COMMUNICATION

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AGENDA TITLE: Adopt a resolution approving standardization of the City's desktop and notebook computers (ISD)

MEETING DATE: September 20, 2006

PREPARED BY: Information Systems Manager

RECOMMENDED ACTION: That the City Council adopt a resolution establishing Dell, M P C, and Hewlett Packard brands as the standards for desktop and notebook computers purchased for use in the City.

BACKGROUND INFORMATION: Since September, 2000, the City Council has adopted several resolutions¹ authorizing staff to purchase desktop and notebook computers from Dell, Micron (now M P C), and Hewlett-Packard under cooperative contracts established by the State of California, the U.S. Communities Government Purchasing Alliance, and the Western States Contracting Alliance.

In recommending adoption of those previous resolutions staff cited system quality and reliability of the Dell, Micron, and Hewlett Packard equipment, as well as the favorable pricing offered under the cooperative contracts. The existence of the contracts also saved significant staff time by eliminating the need to independently solicit competitive bids each time a computer purchase was required.

Those resolutions emphasized primarily the *method* of purchasing computers that had proven to be reliable for use in the City. Now, with last year's adoption of new purchasing codes that provide for use of cooperative contracts, the emphasis shifts to maintaining the level of system reliability that has been achieved over the past six years. Staff therefore recommends that Dell, M P C, and Hewlett Packard be formally established as the standard for desktop and notebook computers purchased and used in the City, and that these standards remain in place until quality, reliability, or contract issues require a change. Specialized computers will be handled on a case-by-case basis and will be reviewed by the Information Systems Manager before purchase is made.

FISCAL IMPACT: Significant cost savings in utilization of state contracts, and minimization of lost staff time caused by less-reliable computers.

FUNDING AVAILABLE: None required for standardization.

Jim Krueger, Deputy City Manager

Footnote

1. Resolutions 2000-160, 2002-33, 2003-112 and 2005-108

Prepared by Joel Harris, Steve Mann

APPROVED: _____
Blair King, City Manager

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING STANDARDIZATION OF THE CITY'S
DESKTOP AND NOTEBOOK COMPUTERS

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby approves standardization of desktop and notebook computer purchases through Dell, M P C, and Hewlett Packard for all City purchases, until such time as quality, reliability or contract issues require a change; and

BE IT FURTHER RESOLVED that specialized mobile notebook computers such as those used in patrol or enforcement vehicles shall be exempt from this standardization.

Dated: September 20, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 20, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. PERRIN
Interim City Clerk

2006-_____



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Appropriating Additional Funds for Change Order No. 14 for Lower Sacramento Road Widening Project, Kettleman Lane to Harney Lane (\$40,925)

MEETING DATE: September 20, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt a resolution appropriating additional funds for Change Order No. 14 for Lower Sacramento Road Widening Project, Kettleman Lane to Harney Lane. In accordance with the Contract Change Order Policy, the City Council is being informed of the change orders approved by the City Manager for this project since the April 19, 2006, Council meeting.

BACKGROUND INFORMATION: The project was awarded to George Reed, Inc., of Lodi, on March 16, 2005, in the amount of \$2,623,300. The contract has been completed in substantial conformance with the plans and specifications and was accepted by City Council at the April 19, 2006 meeting.

At the time of acceptance of the project, approval of Change Order No. 13 for work to repair three trench settlement areas was included in the action. The actual trench remediation costs exceeded the limit (\$20,000) of Change Order No. 13, and an additional change order and appropriation is required. Those approvals are required in order that the Contractor can be paid. More detailed descriptions and backup information for the change orders are available in the Public Works Department. A claim has been submitted to PG&E in the amount of the change order and that is being processed.

Change Order No. 14 – This change order is for the cost of remediation work required to correct the settling of a PG&E trench across Lower Sacramento Road near Vintage Oaks Court. PG&E has been invoiced to repay the City of Lodi for this work. (\$40,924.41)

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Requested Appropriation: \$40,925 from Measure K Congestion Relief funds.

Ruby Paiste, Financial Services Manager

Richard C. Prima, Jr.
Public Works Director

Prepared by Gary Wiman, Construction Project Manager
RCP/GW/pmf
cc: Joel Harris, Purchasing Officer
Gary Wiman, Construction Project Manager

APPROVED: _____
Blair King, City Manager

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING
CHANGE ORDER NO. 14 FOR LOWER SACRAMENTO ROAD WIDENING
PROJECT, KETTLEMAN LANE TO HARNEY LANE, AND FURTHER
APPROPRATING FUNDS (\$40,924.41)

=====

WHEREAS, the contract for the Lower Sacramento Road Widening Project, Kettleman Lane to Harney Lane, project was awarded to George Reed, Inc., of Lodi, on March 16, 2005, in the amount of \$2,623,300; and

WHEREAS, the contract has been completed in substantial conformance with the plans and specifications and was accepted by City Council at the April 19, 2006 meeting; and

WHEREAS, at the time of acceptance of the project, approval of Change Order No. 13 for work to repair three trench settlement areas was included in the action; and the costs exceeded the limit \$20,000, and now an additional Change Order No. 14 and appropriation is required as follows:

Change Order No. 14 – This change order is for the cost of remediation work required to correct the settling of a PG&E trench across Lower Sacramento Road near Vintage Oaks Court, and PG&E has been invoiced to repay the City of Lodi for this work.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi does hereby approve Change Order No. 14 for the cost of remediation work required to correct the settling of a PG&E trench across Lower Sacramento Road near Vintage Oaks Court; and

BE IT FURTHER RESOLVED, that the City Council hereby appropriates \$40,924.41 from the Measure K Congestion Relief funds for this work.

Dated: September 20, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 20, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. PERRIN
Interim City Clerk

2006-_____



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Accepting Improvements Under Contract for White Slough Water Pollution Control Facility Holding Pond No. 1 Rehabilitation, 12751 North Thornton Road and Appropriating Additional Funds (\$1,500)

MEETING DATE: September 20, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt a resolution accepting the improvements under the "White Slough Water Pollution Control Facility Holding Pond No. 1 Rehabilitation, 12751 North Thornton Road" contract and appropriating funds in accordance with the recommendation shown below.

BACKGROUND INFORMATION: The project was awarded to Delta Oilfield Services, Inc., of Woodland, on April 5, 2006, in the amount of \$167,500. This project consisted of windrowing, aerating, and air drying approximately 25,000 cubic yards of eroded soil and organic material, in place, at the bottom of Holding Pond No. 1. The project also consists of loading, hauling, and placing the suitably-dried material at a designated storage yard at the White Slough Water Pollution Control Facility and other incidental and related work, all as shown on the plans and specifications for the project. The contract has been completed in substantial conformance with the plans and specifications approved by City Council.

The contract completion date was September 28, 2006, and the actual completion date was August 23, 2006. The final contract price was \$176,294.50. The difference between the contract amount and the final contract price is mainly due to an additional 1,353 cubic yards of material that was removed from Pond No. 1. The contract quantity for moving the soil material was an estimate and truck loads were counted during the project to obtain a more accurate measurement. As part of the contract award, Council approved an appropriation of \$175,000 to fund this project. This \$175,000 included monies to cover contingencies on this project, but this was not enough to fund all of the extra material that was moved. Staff is now requesting Council approval for an additional appropriation of \$1,500 to cover the costs for this contract, as well as other incidental project-related costs.

Following acceptance by the City Council, as required by law, the City Engineer will file a Notice of Completion with the County Recorder's office. The notice serves to notify vendors and subcontractors that the project is complete and begins their 30-day period to file a stop notice requiring the City to withhold payments from the prime contractor in the event of a payment dispute.

FISCAL IMPACT: Failure to perform this work could have led to decreased storage capacity in the pond, as well as permit violations due to over topping of the pond.

FUNDING AVAILABLE:

Budgeted Fund:	Wastewater Capital Fund	\$175,000.00
Additional Request:		\$ 1,500.00
Total Contract Amount:		\$176,294.50

Ruby Paiste, Financial Services Manager

Richard C. Prima, Jr.
Public Works Director

Prepared by Wesley K. Fujitani, Senior Civil Engineer
RCP/WKF/pmf
cc: Joel Harris, Purchasing Officer

Frank Beeler, Asst. Wastewater Treatment Superintendent

APPROVED: _____
Blair King, City Manager

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL ACCEPTING
IMPROVEMENTS UNDER CONTRACT FOR WHITE SLOUGH
WATER POLLUTION CONTROL FACILITY HOLDING POND NO. 1
REHABILITATION, 12751 NORTH THORNTON ROAD BETWEEN
THE CITY OF LODI AND DELTA OILFIELD SERVICES, INC., AND
APPROPRIATING ADDITIONAL FUNDS

=====

WHEREAS, the White Slough Water Pollution Control Facility Holding Pond No. 1 Rehabilitation, 12751 North Thornton Road Project consisted of windrowing, aerating, and air drying approximately 25,000 cubic yards of eroded soil and organic material, in place, at the bottom of Holding Pond No. 1; and

WHEREAS, the project also consisted of loading, hauling, and placing the suitably-dried material at a designated storage yard at the White Slough Water Pollution Control Facility and other incidental and related work, all as shown on the plans and specifications for the project; and

WHEREAS, the project was awarded to Delta Oilfield Services, Inc., of Woodland, on April 5, 2006, in the amount of \$167,500, and the contract has been completed in substantial conformance with the plans and specifications approved by City Council; and

WHEREAS, the contract completion date was September 28, 2006, and the actual completion date was August 23, 2006, with the final contract price being \$176,294.50; and

WHEREAS, the difference between the contract amount and the final contract price is mainly due to an additional 1,353 cubic yards of material that was removed from Pond No. 1. The contract quantity for moving the soil material was an estimate and truckloads were counted during the project to obtain a more accurate measurement. As part of the contract award, Council approved an appropriation of \$175,000 to fund this project. This \$175,000 included monies to cover contingencies on this project, but this was not enough to fund all of the extra material that was moved; and

WHEREAS, staff requests Council approval for an additional appropriation of \$1,500 to cover the costs for this contract, as well as other incidental project-related costs.

The City Council of the City of Lodi hereby finds as follows:

1. That all requirements of the Contract between the City of Lodi and Delta Oilfield Services, Inc., of Woodland, California for the White Slough Water Pollution Control Facility Holding Pond No. 1 Rehabilitation, 12751 North Thornton Road Project have been substantially complied with as specifically set forth in the plans and specifications previously approved by the City Council on February 15, 2006; and

2. That the Lodi City Council hereby approves appropriation of an additional \$1,500 to cover the costs for this contract, as well as other incidental project-related costs; and
3. That the City Engineer is hereby directed to file a Notice of Completion as required by law with the County Recorder's office. Said Notice serves to notify vendors and subcontractors that the project is complete and begins their 30-day period to file a stop notice requiring the City to withhold payments from the prime contractor in the event of a payment dispute.

Dated: September 20, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 20, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. PERRIN
Interim City Clerk

2006-_____



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Amendment Extending the Term of the Northeastern San Joaquin County Groundwater Banking Authority Joint Powers Agreement

MEETING DATE: September 20, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That Council approve an amendment to the Northeastern San Joaquin County Groundwater Banking Authority Joint Powers Agreement extending the term two years.

BACKGROUND INFORMATION: The City has participated in the Northeastern San Joaquin County Groundwater Banking Authority (GBA) since its inception in 2001. This joint powers authority was formed as a successor to the East San Joaquin Parties Water Authority to further plan and set in motion projects to enhance our groundwater basin.

The GBA Board has recommended an amendment to the agreement that extends the sunset date to June 30, 2008. As of this writing, San Joaquin County and the Stockton East Water District have approved the extension. At this point, the City's annual "dues" of \$20,000 does not change. Staff is in support of this recommendation. Copies of the amendments and the current agreement are attached.

FISCAL IMPACT: The City's annual contribution to the Authority has been \$20,000 per year over recent years, as well as staff time participating in various meetings. The City receives various benefits from participation in the Authority; including information sharing, participation in studies partially funded by grants, future grant fund potential and general support for area water supplies.

FUNDING AVAILABLE: Water Fund (already budgeted; no funds needed for this action)

Richard C. Prima, Jr.
Public Works Director

RCP/pmf

Attachments

cc: Frank Beeler, Water/Wastewater Superintendent
Wally Sandelin, City Engineer

APPROVED: _____
Blair King, City Manager

**EXTENSION OF THE NORTHEASTERN SAN JOAQUIN COUNTY GROUNDWATER
BANKING AUTHORITY JOINT EXERCISE OF POWERS AGREEMENT
(GBA Agreement A-06-02)**

**ARTICLE VIII
TERM; WITHDRAWAL; TERMINATION**

Section 7.01. Term. The Members hereby agree to extend the Joint Powers Agreement, establishing the Northeastern San Joaquin County Groundwater Banking Authority, which terminates on June 30, 2006, until June 30, 2008. All other terms and conditions shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Extension Agreement to be executed on the day and year set opposite the name of the parties.

ATTEST: Clerk of the Board of Supervisors
of the San Joaquin County Flood
Control and Water Conservation District

SAN JOAQUIN COUNTY FLOOD
CONTROL AND WATER CONSERVATION
DISTRICT

By _____ (SEAL)
Deputy Clerk

By _____
DARIO MARENCO, Chairman
Board of Supervisors
"COUNTY DISTRICT"

ATTEST:

CITY OF STOCKTON, a municipal
corporation of the State of California

CLERK

By: _____

Title: _____

"STOCKTON"

ATTEST:

CITY OF LODI, a municipal corporation
of the State of California

CLERK

By: _____

Title _____

"LODI"

ATTEST:

STOCKTON EAST WATER DISTRICT

CLERK

By: _____

Title: _____

“SEWD”

ATTEST:

CENTRAL SAN JOAQUIN WATER
CONSERVATION DISTRICT

CLERK

By : _____

Title: _____

“CENTRAL”

ATTEST:

WOODBIDGE IRRIGATION DISTRICT

CLERK

By: _____

Title: _____

“WOODBIDGE”

ATTEST:

NORTH SAN JOAQUIN WATER
CONSERVATION DISTRICT

CLERK

By: _____

Title: _____

“NSJWCD”

ATTEST:

CENTRAL DELTA WATER AGENCY

CLERK

By: _____

Title: _____

“CENTRAL DELTA”

ATTEST:

SOUTH DELTA WATER AGENCY

CLERK

By: _____

Title: _____

“SOUTH DELTA”

ATTEST:

CALIFORNIA WATER SERVICE
COMPANY

CLERK

By: _____

Title: _____

“CAL WATER”

APPROVED AS TO FORM:
TERRENCE R. DERMODY
County Counsel

By _____

County Counsel

**AMENDED AND RESTATED
JOINT EXERCISE OF POWERS AGREEMENT
NORTHEASTERN SAN JOAQUIN COUNTY
GROUNDWATER BANKING AUTHORITY**

THIS AGREEMENT is made by and among the San Joaquin County Flood Control and Water Conservation District ("County District"), the City of Stockton ("Stockton"), the City of Lodi ("Lodi"), Stockton-East Water District ("SEWD"), Central San Joaquin Water Conservation District ("Central"), Woodbridge Irrigation District ("Woodbridge"), North San Joaquin Water Conservation District ("NSJWCD"), Central Delta Water Agency ("Central Delta") and South Delta Water Agency ("South Delta") collectively called the "Members". The Members hereby agree as follows:

**ARTICLE I
GENERAL PROVISIONS**

Section 1.01. Creation of Authority. Pursuant to Government Code Section 6500 et seq. there is hereby created a public entity to be known as the "Northeastern San Joaquin County Groundwater Banking Authority" which shall be a public entity separate and apart from the Members, and shall administer this Agreement.

Section 1.02. Purpose. The purpose of this Agreement is to provide a consensus-based forum of public water interests concerning Northeastern San Joaquin County that will work cooperatively with unanimity toward achieving the goal as defined in Section 1.03 and speak on behalf of the Members with one voice.

Section 1.03. Goal. The long-term goal of the Authority is to facilitate the development of locally supported groundwater banking projects that improve water supply reliability in Northeastern San Joaquin County and to provide benefits to project participants and San Joaquin County as a whole. The Authority's short-term goals are as follows:

- (a) To participate in the design and implementation of the Freeport Regional Diversion Project so as to provide benefits to project participants and San Joaquin County.
- (b) To create an entity with the power to finance and construct specific projects.
- (c) To apply for grant funding to support the activities of the Authority.

ARTICLE II POWERS

Section 2.01. Powers. The Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of the foregoing powers including, but not limited to the making and entering into contracts.

Section 2.02. Restrictions on Exercise of Powers. The powers of the Authority shall be exercised in the manner provided in Government Code Section 6509 and to the restrictions upon the manner of exercising such powers that are imposed upon the County District in the exercise of similar powers.

ARTICLE III GOVERNING BODY

Section 3.01. Governing Board. The Authority shall be administered by a Board of Directors ("Board"), one appointed by each of the Member entities with a designation of two alternative Directors to serve as a replacement for the appointed Director as needed, to serve at the pleasure of their appointive governing body. The Board shall be called the "Northeastern San Joaquin County Groundwater Banking Authority Board". All voting power of the Authority shall reside in the Board.

Section 3.02. Meetings of the Board. The Board shall provide for calling and conducting its regular meetings and special meetings, in accordance with Government Code Section 54950 et seq.

Section 3.03. Minutes. The Secretary shall cause to be kept summary minutes of the meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the summary minutes to be forwarded to each Director and to each of the Members.

Section 3.04. Voting. Each Director shall have one vote.

Section 3.05. Quorum; Required Votes; Approval. A quorum of the Board for the convening of any meeting shall consist of a majority of all Directors, or designated alternative Director. An affirmative vote of at least a majority of all Directors, or designated alternative Director shall be required for any action of the Board. Five votes shall be required to pass any action of the Board.

Section 3.06. Bylaws. The Board may adopt, from time to time, such bylaws and regulations for the conduct of its meetings as are necessary for the purposes hereof.

ARTICLE IV OFFICERS AND EMPLOYEES

Section 4.01. Chair, Vice-Chair, and Secretary. The Board member from the County District shall be the Chair and in the Board member's absence the alternate member from County District shall act as Chair. The Board shall elect a Vice-chair from among the Directors. The

Vice-chair shall serve at the pleasure of the board, shall perform the duties normal to said office, and

- A. The chair shall sign all contracts authorized by the Board and shall represent the Board as directed by the Board and perform such other duties as may be imposed by said Board;
- B. The vice-chair shall act, sign contracts and perform all of the chair's duties in the absence of the chair; and
- C. The San Joaquin County Director of Public Works shall be the Secretary and provide staff to the Authority. The Secretary shall countersign all contracts signed by the chair or vice-chair on behalf of the Authority, perform such other duties as may be imposed by the Board.

Section 4.02. Treasurer and Auditor.

A. The County Treasurer shall be the depository, shall have custody of all the money of the Authority from whatever source, and shall have the duties and obligations of the Treasurer as set forth in Government Code Sections 6505 and 6505.5. The County Treasurer shall be responsible for receiving quarterly reports from the Secretary and verifying the balance of this report with respect to the balance as maintained by the records of the County Auditor.

B. The County Auditor shall have the duties and obligations of the Auditor set forth in Government Code Sections 6505 and 6505.5. The County Auditor shall assure strict accountability of all receipts and disbursements of the Authority and shall make arrangements with a certified public accountant or firm of certified public accountants for the annual audit of accounts and records of the Authority.

Section 4.03. Officers in Charge of Records; Funds; and Accounts. Pursuant to Government Code Section 6505.1, the County Treasurer shall have charge of, handle and have access to all accounts, funds and money of the Authority and all records of the Authority relating thereto; and the Secretary shall have charge of, handle and have access to all other records of the Authority.

Section 4.04. Employees and Consultants. The Board may make recommendations to the County District for the employment of employees or consultants to provide services to the Authority to accomplish the purposes of the Authority. The County District may employ employees and consultants and may execute contracts, supervise and direct, and provide payment for such employees and consultants.

ARTIVLE V
ACCOUNTS AND REPORTS: FUNDS

Section 5.01. Accounts and Reports. The County Auditor shall establish and maintain such funds and accounts as may be required by good accounting practice. The books and records of the Authority shall be open to inspection at all reasonable times by the public and representatives of the Members. The Auditor, within 120 days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to the Members.

Section 5.02. Funds. The County Treasurer shall receive, have the custody of and disburse Authority funds on warrants drawn by the County Auditor as nearly as possible in accordance with generally accepted accounting practices, shall make the disbursements required by this Agreement, or to carry out any of the provisions or purposes of this Agreement.

Section 5.03. Annual Budget. The County District shall adopt a budget for the Authority. The Authority Board may make recommendations to the County District concerning the budget. The County District shall provide funds as set forth in the adopted budget which shall be limited to planning activities when using Zone 2 funds. Other members shall make contributions which shall be included in the budget adopted by the County District.

Section 5.04. Intention for Reimbursement for Expenditures From Bond Proceeds. It is the intention of the Members that the advancement of monies by any Members for the expenses of the operational needs of the Authority may be reimbursed from the proceeds of bonds, if issued, for the water development projects undertaken by the Authority or by its successor organization, by vote of the Board.

ARTICLE VI
ASSOCIATE MEMBERSHIP

Section 6.01. California Water Service Company and the Farm Bureau. CalWater and the Farm Bureau may be associate members of the Authority with one position each on the Board of Directors of the Authority. The associate members shall be entitled to participate in the meetings and discussions of the Board but the associate members shall not have the power to vote on any action to be taken by the Authority or to become an officer or Director of the Authority.

ARTICLE VII
CONTEMPLATED PROJECT

It is contemplated that some or all of the Members will enter into subsequent agreements for the construction, operation, and maintenance of a project. Participation in this agreement is not a firm commitment by any individual Member to enter into a groundwater banking project.

ARTICLE VIII
TERM; WITHDRAWAL; TERMINATION

Section 7.01. Term. This Agreement shall become effective as of the date hereto and shall continue in full force and effect until June 30, 2003.

Section 7.02. Withdrawal of Member. A Member may terminate its Membership in the Authority at any time upon giving written notice of the withdrawal to the Authority.

Section 7.03. Disposition of Assets. Upon termination of this Agreement, all remaining net assets of the Authority, both real and personal, shall be transferred to the County District.

ARTICLE IX
MISCELLANEOUS PROVISIONS

Section 8.01. Amendments. This Agreement may be amended by unanimous consent of the Member agencies at any time, or from time to time.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year set opposite the name of the parties.

ATTEST: LOIS M. SAHYOUN
Clerk of the Board of Supervisors
of the San Joaquin County Flood
Control and Water Conservation District

By Caroline J. [Signature]
Deputy Clerk



SAN JOAQUIN COUNTY FLOOD
CONTROL AND WATER CONSERVATION
DISTRICT

By [Signature]
Chairman
Board of Supervisors
"COUNTY DISTRICT"

ATTEST:

[Signature]
CLERK

CITY OF STOCKTON, a municipal
corporation of the State of California

By: [Signature]
Title: City Mgr
"STOCKTON"

APPROVED AS TO FORM

CITY ATTORNEY
BY [Signature]
Deputy City Attorney

June 27, 2001

ATTEST:

Susan J. Blackston
SUSAN J. BLACKSTON, CITY CLERK

CITY OF LODI, a municipal corporation
of the State of California

By: Alan S. Nakanishi
Title: MAYOR

"LODI"

ATTEST:

CLERK

STOCKTON-EAST WATER DISTRICT

By: _____
Title: _____

"SEWD"

ATTEST:

CLERK

CENTRAL SAN JOAQUIN WATER
CONSERVATION DISTRICT

By: _____
Title: _____

"CENTRAL"

ATTEST:

CLERK

WOODBIDGE IRRIGATION DISTRICT

By: _____
Title: _____

"WOODBIDGE"

ATTEST:

CITY OF LODI, a municipal corporation
of the State of California

CLERK

By: _____

Title: _____

"LODI"

ATTEST:

STOCKTON-EAST WATER DISTRICT

Tim M. Kaffer
CLERK *7-3-01*

By: *Andrew Watkins*

Title: PRESIDENT

"SEWD"

ATTEST:

CENTRAL SAN JOAQUIN WATER
CONSERVATION DISTRICT

CLERK

By: _____

Title: _____

"CENTRAL"

ATTEST:

WOODBIDGE IRRIGATION DISTRICT

CLERK

By: _____

Title: _____

"WOODBIDGE"

ATTEST:

CITY OF LODI, a municipal corporation
of the State of California

CLERK

By: _____

Title: _____

"LODI"

ATTEST:

STOCKTON-EAST WATER DISTRICT

CLERK

By: _____

Title: _____

"SEWD"

ATTEST:

CENTRAL SAN JOAQUIN WATER
CONSERVATION DISTRICT



CLERK

By:  _____

Title: President

"CENTRAL"

ATTEST:

WOODBIDGE IRRIGATION DISTRICT

CLERK

By: _____

Title: _____

"WOODBIDGE"

ATTEST:

CITY OF LODI, a municipal corporation
of the State of California

CLERK

By: _____

Title: _____

"LODI"

ATTEST:

STOCKTON-EAST WATER DISTRICT

CLERK

By: _____

Title: _____

"SEWD"

ATTEST:

CENTRAL SAN JOAQUIN WATER
CONSERVATION DISTRICT

CLERK

By : _____

Title: _____

"CENTRAL"

ATTEST:

WOODBIDGE IRRIGATION DISTRICT



CLERK

By: Anders Christensen

Title: Anders Christensen, Secretary

"WOODBIDGE"

ATTEST:

CLERK

NORTH SAN JOAQUIN WATER
CONSERVATION DISTRICT

By: Fred Weyburn

Title: President

"NSJWCD"

ATTEST:

CLERK

CENTRAL DELTA WATER AGENCY

By: _____

Title: _____

"CENTRAL DELTA"

ATTEST:

CLERK

SOUTH DELTA WATER AGENCY

By: _____

Title: _____

"SOUTH DELTA"

APPROVED AS TO FORM:
TERRENCE R. DERMODY
County Counsel

By: Michael McGrew
MICHAEL MCGREW
Assistant County Counsel

ATTEST:

NORTH SAN JOAQUIN WATER
CONSERVATION DISTRICT

CLERK

By: _____

Title: _____


"NSJWCD"

ATTEST:

CENTRAL DELTA WATER AGENCY



CLERK

By: 
Title: PRESIDENT

"CENTRAL DELTA"

ATTEST:

SOUTH DELTA WATER AGENCY

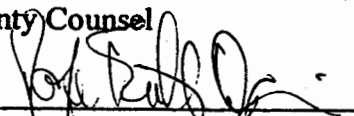
CLERK

By: _____

Title: _____

"SOUTH DELTA"

APPROVED AS TO FORM:
TERRENCE R. DERMODY
County Counsel

By: 
MICHAEL MCGREW
Assistant County Counsel

ATTEST:

NORTH SAN JOAQUIN WATER
CONSERVATION DISTRICT

CLERK

By: _____

Title: _____

"NSJWCD"

ATTEST:

CENTRAL DELTA WATER AGENCY

CLERK

By: _____

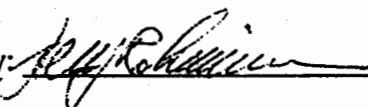
Title: _____

"CENTRAL DELTA"

ATTEST:

SOUTH DELTA WATER AGENCY

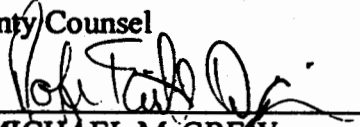
CLERK

By:  _____

Title: Chairman

"SOUTH DELTA"

APPROVED AS TO FORM:
TERRENCE R. DERMODY
County Counsel

By 
MICHAEL MCGREW
Assistant County Counsel

A-04-1

**AMENDMENT AND EXTENSION
TO THE NORTHEASTERN SAN JOAQUIN COUNTY
GROUNDWATER BANKING AUTHORITY
JOINT EXERCISE OF POWERS AGREEMENT**

**Article III
GOVERNING BODY**

Section 3.01. Governing Board.

- (a) The governing body of the Authority shall be a Board of Directors ("Board") which shall consist of 10 voting Directors who shall be appointed as follows:
 - (1) A representative of the governing body of each Member as appointed by the Member entities.
 - (2) A representative of the following private water purveyors or investor owned utilities, as appointed by the City of Stockton:

California Water Service Company

- (b) Prior to the appointment to the Board of the Directors described in subsection (a)(2) above, those represented entities shall submit a recommendation for appointment to the appointing authority. The appointing authority shall give consideration to such recommendations, but shall retain the absolute discretion to appoint any person satisfying the criteria for appointment.
- (c) The Members shall appoint one or more persons with the required qualifications to serve as alternate Directors of the Board in the same manner as the Director is appointed by the Members. Any such alternates shall be empowered to cast votes in the absence of the regular Directors or, in the event of a conflict of interest preventing the regular Director from voting, to vote because of such a conflict of interest.

**Article VI
ASSOCIATE MEMBERSHIP**

Section 6.01. The San Joaquin County Farm Bureau may be an associate member of the Authority with a representative serving as an associate member on the Board of the Authority. Associate members shall be entitled to participate in the meetings and discussions of the Board but associate members shall not have the power to vote on any action to be taken by the Authority or to become an officer or Director of the Authority.

ARTICLE VIII
TERM; WITHDRAWAL; TERMINATION

Section 7.01. Term. The Members hereby agree to extend the Joint Powers Agreement, establishing the Northeastern San Joaquin County Groundwater Banking Authority, which terminates on June 30, 2004, until June 30, 2006.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Extension Agreement to be executed on the day and year set opposite the name of the parties.

ATTEST: LOIS M. SAHYOUN
Clerk of the Board of Supervisors
of the San Joaquin County Flood
Control and Water Conservation District

SAN JOAQUIN COUNTY FLOOD
CONTROL AND WATER CONSERVATION
DISTRICT

By _____ (SEAL)
Deputy Clerk

By _____
LEROY ORNELLAS, Chairman
Board of Supervisors

“COUNTY DISTRICT”

ATTEST:

CITY OF STOCKTON, a municipal
corporation of the State of California

CLERK

By: _____

Title: _____

“STOCKTON”

ATTEST:

CITY OF LODI, a municipal corporation
of the State of California

CLERK

By: _____

Title _____

“LODI”

ATTEST:

STOCKTON-EAST WATER DISTRICT

CLERK

By: _____

Title: _____

“SEWD”

ATTEST:

CENTRAL SAN JOAQUIN WATER
CONSERVATION DISTRICT

CLERK

By : _____

Title: _____

“CENTRAL”

ATTEST:

WOODBIDGE IRRIGATION DISTRICT

CLERK

By: _____

Title: _____

“WOODBIDGE”

ATTEST:

NORTH SAN JOAQUIN WATER
CONSERVATION DISTRICT

CLERK

By: _____

Title: _____

“NSJWCD”

ATTEST:

CENTRAL DELTA WATER AGENCY

CLERK

By: _____

Title: _____

"CENTRAL DELTA"

ATTEST:

SOUTH DELTA WATER AGENCY

CLERK

By: _____

Title: _____

"SOUTH DELTA"

APPROVED AS TO FORM:
TERRENCE R. DERMODY
County Counsel

By _____

County Counsel



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt resolution amending the Electric Utility Department (EUD) Rules and Regulations Nos. 13, 15 and 16 to recover the full cost of expanding the electric distribution system from new electric load

MEETING DATE: September 20, 2006

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt a resolution amending the Electric Utility Department Rules and Regulations Nos. 13, 15 and 16 to recover the full cost of expanding the electric distribution system from new electric load.

BACKGROUND INFORMATION: Rules 13, 15 and 16 stipulate the responsibilities of the Electric Utility Department (EUD) and developers for expanding the electric distribution system to serve new electric load.

Presently, developers/customers are responsible for trenching, excavation, backfill and compaction for underground systems. The developer/customer is also responsible for all required substructures such as vaults, conduit, transformer pads, pedestals, etc.

EUD is responsible for all other equipment and installation costs including conductors, transformers and metering (overhead and underground.)

A review of line extension policies of other regional utilities shows a trend towards assigning full cost responsibility to the developers/customers requiring new electric facilities to be installed. Staff analyzed the actual cost of expanding the City's electric distribution system to serve new developments for the fiscal years 2002 through 2005. The four-year average cost of such improvements is approximately \$546,000 in which the City incurred 67% of the cost (~\$366,000/year) while the developer/customer was responsible for 33% of extension costs (~\$180,000/year).

Staff recommends modification of the existing EUD Rules and Regulations to recover the full cost of expanding its electric distribution system from developers. These costs include electric line extensions, service connections and substructures. The proposed amendments to EUD's Rules and Regulations No. 13 (Temporary Service), No. 15 (Extension of Facilities) and No. 16 (Service customers Connections) are shown in Attachments A, B and C respectively.

FISCAL IMPACT: This action will reduce future operating and capital budget expenditures by EUD to serve new developments/customers by an estimated \$400,000 per year.

FUNDING AVAILABLE: Not applicable

Ruby Paiste, Financial Services Manager

George F. Morrow, Electric Utility Director

PREPARED BY: Demy Bucaneg, Jr., P.E., Sr. Power Engineer

APPROVED:
Blair King, City Manager



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

RULE AND REGULATION NO. 13

TEMPORARY SERVICE

A. Establishment of Temporary Service

The City will furnish temporary service, including service to operations of a speculative nature or of questionable permanency, under the following conditions:

1. If undue hardship to the City or to its customers does not result therefrom.
2. The applicant shall pay to the City, in advance, the estimated cost of installing and removing all facilities required for temporary service. This cost to include, but not limited to, non-salvageable material, prorated cost (3 yrs/life) of salvageable material, excluding transformer(s) and labor for the installation and removal.
3. The applicant shall establish credit pursuant to Rule and Regulation No. 6.
4. Single-phase service of 100 ampere or less supplied to contractors for construction purposes will be installed by the City for a fixed non-refundable "Temporary Service Hook-up Charge" provided such hook-up is for connection of customer-owned service pole per City standards, to existing City facilities, only. Facilities may be installed under Section 2 above. Construction service whereby the contractor installs the service entrance in a permanent location may be assessed for the line extension and/or service connection as per Rule No. 15 and/or 16.
5. Nothing in this Rule and Regulation shall limit or affect the right of the City to collect from the customer any other or additional sums of money, which may become due and payable to the City from the customer by reason of the temporary service furnished or to be furnished. The City may refuse electric service if, in the judgment of the City, unsafe or hazardous conditions exist.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

RULE AND REGULATION NO. 15

EXTENSION OF FACILITIES

A. Individual Applications and Advance Notice:

1. Electric line extensions will be constructed, owned, operated and maintained by the City to supply individual applicants with electric service at their request in accordance with this and other applicable City Rules and Regulations.
2. Applicants shall provide sufficient advance notice in order that service can be rendered by the time such service is required. The required advance notice will vary in consideration of the scope of the project, availability of equipment and material, and the City's workload at the time of application.

B. Extensions of Questionable Permanency:

Line extensions to provide temporary service or to serve installations which in the opinion of the City are of a speculative nature or of questionable permanency shall be served under Rule No. 13.

C. Extensions Subject to Rights-of-Way or Easements:

City line extensions will be constructed only along public roads and highways and upon private property across which satisfactory easements and/or rights-of-way can be obtained without cost to or condemnation by the City.

D. Line Extensions:

1. General:

The City will extend all permanent distribution lines underground and connect to underground services in accordance with this rule and Rule No.16. However, the following exceptions allow for continued construction and use of overhead distribution facilities:

- a. Where overhead distribution facilities exist and are expected to remain indefinitely.
- b. In areas where growth and development indicate the area will remain unchanged for many years.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

- c. In light and heavy industrial areas for the operating convenience of the City.
 - d. in certain areas where lines may be constructed along major rights-of-way to supply bulk power to other areas beyond the area they traverse.
2. Developer's/Applicant's Construction Responsibilities:
- a. Provide all trenching, excavation, backfill (including imported backfill) and compaction per specifications and requirements of the City. At the City's option, the City may actually perform all or a part of this work and be reimbursed by the Developer/Applicant prior to construction.
 - b. Furnish and install all substructures per City design and specifications. Substructures shall include all conduits, primary and secondary vaults, service boxes, transformer pads and ground rods and conductors. At the City's option, the City may actually perform all or a part of this work and be reimbursed by the Developer/Applicant prior to construction. If the Developer/Applicant installs the substructure, the City will periodically inspect for quality of work and a fee will be assessed. This fee is payable prior to construction.
 - c. Upon installation of electrical components by the City, the substructure system installed under 2b shall be owned and operated by the City. However, the Developer/Applicant at his/her expense shall repair all damages to the substructure system for a period of one year following the date of acceptance of the development by the City Council or date of energization in developments not subject to acceptance by the City Council, whichever is later. Such repair shall include trench, transformer pad or service box settlement, damage to vaults, boxes or conduits, etc.
 - d. All conduits shall be mandrel proved by the Developer/Applicant in the presence of an Electric Utility Department inspector prior to installation of any electrical components. A pull string shall be installed in all conduits. Pull string and mandrel shall be to the specifications of the City.



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- e. The Developer/Applicant shall notify the Electric Utility Department 48 hours in advance of any substructure installation scheduled outside of the normal workday (Monday through Friday). Developer/Applicant shall pay all overtime premiums associated with inspections outside of the normal workday.
 - f. Advance a nonrefundable payment, prior to construction by the City, for any line extension outside the boundary of the development for relocation or modification of any existing facilities.
 - g. For all work to be performed by the City, advance a nonrefundable payment before work is begun for on-site line extension costs, including, but not limited to labor, conductors, transformers and switches.
 - h. Provide all surveying and staking of grades, property lines, right-of-way, and sidewalks for the proposed sites of electrical equipment.
 - i. Provide and install all street lighting materials, per City design and specifications, on all public roadways. Developer/Applicant is responsible for the design, installation and maintenance of streetlights on private roadways or traffic areas.
 - k. All work that will be performed by the Developer/Applicant shall be subject to the approval by the City.
3. City's Responsibility:
- a. Provide final project design of improvement plans submitted for review and approval by the City.
 - b. The City reserves the right to furnish substructures and/or conduits to be installed by developer/applicant. The City will require payment for these materials and equipment prior to delivery and construction. If such is desired by the City, the City will issue a written notice to Developer/Applicant
 - c. Furnish and construct transmission line (60kV) and distribution substation facilities to accommodate new development within the service area.



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ELECTRIC UTILITY DEPARTMENT

E. Special Service Request:

An applicant requesting service at a different voltage than that presently available in an area or requesting capacity for intermittent use (X-ray equipment, motor testing power, etc.) may obtain such service if in the sole judgment of the City it is practical to supply such service without adverse effect on the existing system. The applicant will be required to make a nonrefundable payment prior to construction that is in an amount equal to the estimated cost of the special service, including transformation costs.

F. Exceptional Case:

In unusual circumstances, when the application of this rule appears impractical or unjust to either party, the City or the Developer/Applicant may refer the matter to the City Council for special ruling or for the approval of special conditions which shall be mutually agreed upon prior to commencing construction.

G. Modification of Existing System:

A customer wanting to modify the City's existing system solely for the customer's benefit may have the City do so provided:

- a. Such modification has no adverse effect on the City's system or existing customers.
- b. The customer makes a nonrefundable payment, prior to construction, equal to the estimated cost of such modification.

H. Noncontiguous Developments:

The City will extend its facilities to serve noncontiguous developments within city limits provided:

- a. The Developer/Applicant makes a nonrefundable payment, prior to construction, equal to the estimated amount of the supply extension(s) necessary to serve the development.
- b. The Developer/Applicant obtains at no cost to the City the necessary and satisfactory easements and/or rights-of-way for the extension(s).



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

I. City-Furnished Facilities:

The City may furnish and install, at its expense:

- a. Distribution system components solely for the operating convenience of the City.
- b. Bulk transmission and substation facilities to serve the combined load growth of the City, i.e., the combined load of existing customers.

J. Conflict with Equipment and Facilities:

Equipment and facilities, including metering equipment, installed by the City within easements and rights-of-way that subsequently become obstructed, covered, inaccessible, exposed to traffic, incorrectly applied, etc., as a result of actions such as landscaping, screening, fencing, driveway widening, etc., solely caused by and to the benefit of the property owner and/or occupant of the property where such equipment and facilities were originally installed, shall have corrective measures implemented, per City's approval, at the property owner's and/or occupant's expense.

K. Tree Trimming (Line Clearing):

The Electric Utility Department will from time to time trim, clear away and, if necessary, cut down trees and brush in the vicinity of its overhead lines. "Vicinity" as used herein shall mean from six to ten feet clearance around the primary and secondary conductors, if possible, but in no event shall less than four feet be obtained. These clearances around services (service drops), although desirable, may not be possible in all cases without extreme impact on landscaping.

Tree trimming (line clearing) is done to improve the overall system reliability, to eliminate hazards from trees and branches falling on the lines and per General Order No. 95 of the State of California, Rule 35 which states, "Where overhead wires pass through trees, safety and reliability of service demand that a reasonable amount of tree trimming be done in order that the wires may clear branches and foliage."

The City will perform the necessary trimming to clear the lines, will remove all brush and trimmings from the premises and, if requested by the property owner, will leave any and all valuable timber and wood at the site.

The City will not perform any shaping or overall trimming of trees.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

RULE AND REGULATION NO. 16

SERVICE CONNECTIONS AND FACILITIES ON CUSTOMER'S PREMISES

A. Service in Areas Supplied by Overhead Facilities

1. Below 600 Volts

The City will install, own, operate and maintain an overhead service along the shortest practical route from the City's distribution system to the Point of Interconnection. The customer shall furnish, install, own and maintain all conduits, conductors and other equipment, except metering equipment, beyond the Point of Interconnection.

2. Primary Overhead Service (12,000 Volt)

- a. The City will install, own, operate and maintain a primary overhead service along the shortest practical route from the City's distribution system to the Point of Interconnection. Such overhead primary service will include a pole with associated hardware and cabinets for metering equipment, if necessary. The City will require a nonrefundable payment, prior to construction, in the amount of the estimated cost of the service (including conductor, splices, pull box, labor, etc. as applicable).
- b. The customer/applicant shall install, own and maintain the Point of Interconnection consisting of facilities for termination of primary overhead service conductors, protection devices and a three-phase gang-operated disconnect switch all to be approved by the City. The customer's Point of Interconnection may include facilities for metering equipment. Such metering facilities shall be approved by the City and conform to the requirements of Electric Utility Service Equipment Requirements Committee (EUSERC).

3. Overhead Service at Transmission Voltage (60,000 Volt)

Service at this voltage level is available only at select locations throughout the City. Specific requirements for this type of service will be determined at time of application.



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ELECTRIC UTILITY DEPARTMENT

4. Underground Service from Overhead Facilities (Transformation on Overhead System)

The City will install a service along the shortest practical route from the City's distribution system to the customer's service equipment under the following conditions:

- a. The customer shall provide all trenching, backfill and compaction and shall furnish and install all conduits, including riser, all per City's specifications.
- b. The City will furnish and install all conductors from the distribution system to the customer's termination facilities, including completion of the riser. The City will require a nonrefundable payment, prior to construction, in the amount of the estimated cost of the service (including conductor, splices, pull box, labor, etc., as applicable).
- c. Underground services installed under this section of the rule, upon energization, shall be owned, operated and maintained by the City with the exception of any conduit or duct on or within the outside perimeter of the building.

B. Service in Areas Supplied by Underground Facilities

1. Below 600 Volts

The City will install a service along the shortest practical route from the City's distribution system to the customer's service equipment under the following conditions:

- a. The customer shall provide all trenching, backfill and compaction and shall furnish and install all conduits per City's specifications.
- b. The City will furnish and install all conductor from the distribution system to the customer's termination facilities. The City will require a nonrefundable payment, prior to construction, in the amount of the estimated cost of the service (including conductor, splices, pull box, labor, etc., as applicable).
- c. Underground services installed under this section of the rule, upon energization, shall be owned, operated and maintained by the City with the exception of any conduit or duct on or within the outside perimeter of the building.



CITY OF LODI

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2. Primary Underground Service (12,000 Volt)

The City will install, own, operate and maintain conduit and conductor along the shortest practical route from the City's distribution system to the customer's termination facilities. The City will require a nonrefundable payment, prior to construction, in the amount of the estimated cost of the service (including conductor, splices, pull box, labor, etc., as applicable). All trenching, excavation, backfill and compaction, to City specifications, shall be furnished by the customer.

Customer termination facilities (service equipment) shall be approved by the City and shall include a three-phase gang-operated switch, protection devices, cable termination devices per City requirements and provisions for metering equipment per EUSERC.

3. Underground Service (60,000 Volt)

Underground service at this voltage level (60,000 volt) is not available.

C. Temporary Services

Temporary services, including services to installations of a speculative nature or of questionable permanency, shall be provided under Rule No. 13.

D. Electrical Service Inspections

1. No new or newly rewired electrical installation will be energized by the City without a signed electrical Service Order from the Building Inspection Division of the City of Lodi.
2. In cases where the Building Inspection Division of the City of Lodi does not have direct jurisdiction and inspections are performed by another agency, a service order generated from a 'courtesy inspection' by the City's Building Inspection Division will be required prior to energization.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

E. Service Connections

1. The City will not connect to any single building more than one service for each voltage classification, either overhead or underground, except:
 - a. For the City's operating convenience;
 - b. Where such additional service may be warranted because of load requirements; and/or
 - c. Where the customer is required by law to have certain emergency services.
2. Connection of service to or disconnection from the City's lines shall be made only by authorized employees of the City.

F. Ownership of Facilities

1. All facilities installed on a customer's premises, including, but not limited to poles, conductors, transformers, meters etc., which are furnished by the City in order to render service, shall remain the sole property of the City.
2. The customer shall not charge the City rent or any other charge for the facilities placed on the customer's premises.

G. Right of Access

1. The City shall have the right of access to the customer's premises, without payment of any charge therefore, at all reasonable hours for any purpose related to the furnishing of electric service, including, but not limited to meter reading, testing, inspection, construction, maintenance, tree trimming and repair of facilities.
2. Service may be refused or disconnected pursuant to Rule No. 11, if permanent accessibility is not provided by the customer.
3. Upon termination of service, the City shall have right of access to the customer's premises to remove its facilities installed thereon.
4. The customer shall obtain and provide the City with all necessary easements as required by the City.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

H. Metering Installations

1. Location

- a. All meters and metering equipment except cabinets will be supplied and installed by the City upon the customer's premises at a location approved by the City's Electric Utility Department.
- b. All meters shall be accessible to authorized employees of the City at all times for inspection, testing and reading.
- c. The City may require a customer to relocate a metering installation, at his expense, if an existing meter location becomes inaccessible or an infraction has been created.

2. Sealing

- a. The customer shall furnish a suitable means for the City to place its seal on the main switch and on the meter and any other enclosure which contains unmetered service conductors.
- b. All metering installation shall be sealed by the City and no such seal shall be broken or tampered with except by a representative of the City authorized to do so.

3. General Metering Requirements

The City's metering requirements are, in general, those of the Electric Utility Service Equipment Requirements Committee (EUSERC). Contact the City for specific details. Metering installations shall conform to Lodi Municipal Code Chapter 13.20, Article II.

I. Customer Responsibility for Facilities

1. The customer shall exercise reasonable care to prevent facilities of the City installed on his/her premises from being damaged or destroyed and shall refrain from tampering or interfering with such facilities, and if any defect therein is discovered by the customer, he/she shall promptly notify the City thereof.
2. The customer shall, at his/her sole risk and expense, furnish, install, inspect, and keep in good and safe condition all electrical facilities required for receiving electric energy from the lines of the City, regardless of the location of the transformers, meters, or other equipment of the City,



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

and for utilizing such energy, including all necessary protective devices and suitable housing therefore, and the customer shall be solely responsible for the transmission and delivery of all electric energy over or through the customer's wires and equipment, and the City shall not be responsible for any loss or damage occasioned thereby.

3. The City shall not be responsible for any failure of a customer-owned main disconnect and/or circuit breaker, at the Point of Interconnection, or any other customer-owned equipment as a result of being operated by City personnel for the purpose of establishing safety isolation between the customer's and the City's electrical system or as a result of the City's normal operating practice.
4. All service switches, cutouts and similar devices required in connection with a service and meter installation on customer's premises shall be furnished and installed by the customer in accordance with City specifications. Such equipment shall be maintained in good working order by the customer.
5. All electrical equipment by the customer shall conform to the standards of governing agencies.

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING
AMENDMENTS TO THE ELECTRIC UTILITY DEPARTMENT'S
RULES AND REGULATIONS NOS. 13, 15, AND 16
=====

WHEREAS, on March 1, 1989, the City Council adopted Ordinance No. 1447 §13.20.010 of the Lodi Municipal Code, authorizing and allowing adoption by resolution Rules and Regulations for the Electric Utility Department; and

WHEREAS, on May 18, 1994 the City Council adopted Resolution No. 94-58 adopting by reference, certain Rules and Regulations; and

WHEREAS, amendments to the Electric Utility Department Rules and Regulations are necessary from time to time.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby amends the Electric Utility Department's Rules and Regulations No. 13 – Temporary Service, No. 15 – Extension of Facilities, and No. 16 – Service Customers Connections as shown on Attachments A, B and C respectively; and

BE IT FURTHER RESOLVED that the amended regulations will be effective for new electric service plans approved on and after October 1, 2006.

Dated: September 20, 2006
=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 20, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. PERRIN
Interim City Clerk

2006-_____



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

RULE AND REGULATION NO. 13

TEMPORARY SERVICE

A. Establishment of Temporary Service

The City will furnish temporary service, including service to operations of a speculative nature or of questionable permanency, under the following conditions:

1. If undue hardship to the City or to its customers does not result therefrom.
2. The applicant shall pay to the City, in advance, the estimated cost of installing and removing all facilities required for temporary service. This cost to include, but not limited to, non-salvageable material, prorated cost (3 yrs/life) of salvageable material, excluding transformer(s) and labor for the installation and removal.
3. The applicant shall establish credit pursuant to Rule and Regulation No. 6.
4. Single-phase service of 100 ampere or less supplied to contractors for construction purposes will be installed by the City for a fixed non-refundable "Temporary Service Hook-up Charge" provided such hook-up is for connection of customer-owned service pole per City standards, to existing City facilities, only. Facilities may be installed under Section 2 above. Construction service whereby the contractor installs the service entrance in a permanent location may be assessed for the line extension and/or service connection as per Rule No. 15 and/or 16.
5. Nothing in this Rule and Regulation shall limit or affect the right of the City to collect from the customer any other or additional sums of money, which may become due and payable to the City from the customer by reason of the temporary service furnished or to be furnished. The City may refuse electric service if, in the judgment of the City, unsafe or hazardous conditions exist.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

B. Change to Permanent Status

1. If at any time the character of a temporary customer's operations change such that, in the opinion of the City, the customer should be classified as permanent, or when a customer served under this Rule has operated the electrical equipment originally installed or electrical equipment of the same power requirements for a period of 36 consecutive months from the date service is first delivered under this Rule and has proved the permanency of the business to the City's satisfaction, the customer will be classified as permanent.
2. Upon reclassification from temporary to permanent service, the customer will be refunded the amount advanced under A-2 above less any liability the customer may have for the line extension (formerly temporary service) per Rule No. 15 and/or 16 in effect at time of reclassification.

C. Customer-Owned Generation Facilities

There shall be no connection of customer-owned generation facilities to the City's electric system under this Rule. A special agreement is required for connection of any customer-owned generation facilities to the City's electric system. (See Rule and Regulation No. 21).



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

RULE AND REGULATION NO. 15

EXTENSION OF FACILITIES

A. Individual Applications and Advance Notice:

1. Electric line extensions will be constructed, owned, operated and maintained by the City to supply individual applicants with electric service at their request in accordance with this and other applicable City Rules and Regulations.
2. Applicants shall provide sufficient advance notice in order that service can be rendered by the time such service is required. The required advance notice will vary in consideration of the scope of the project, availability of equipment and material, and the City's workload at the time of application.

B. Extensions of Questionable Permanency:

Line extensions to provide temporary service or to serve installations which in the opinion of the City are of a speculative nature or of questionable permanency shall be served under Rule No. 13.

C. Extensions Subject to Rights-of-Way or Easements:

City line extensions will be constructed only along public roads and highways and upon private property across which satisfactory easements and/or rights-of-way can be obtained without cost to or condemnation by the City.

D. Line Extensions:

1. General:

The City will extend all permanent distribution lines underground and connect to underground services in accordance with this rule and Rule No.16. However, the following exceptions allow for continued construction and use of overhead distribution facilities:

- a. Where overhead distribution facilities exist and are expected to remain indefinitely.
- b. In areas where growth and development indicate the area will remain unchanged for many years.



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- c. In light and heavy industrial areas for the operating convenience of the City.
 - d. in certain areas where lines may be constructed along major rights-of-way to supply bulk power to other areas beyond the area they traverse.
2. Developer's/Applicant's Construction Responsibilities:
- a. Provide all trenching, excavation, backfill (including imported backfill) and compaction per specifications and requirements of the City. At the City's option, the City may actually perform all or a part of this work and be reimbursed by the Developer/Applicant prior to construction.
 - b. Furnish and install all substructures per City design and specifications. Substructures shall include all conduits, primary and secondary vaults, service boxes, transformer pads and ground rods and conductors. At the City's option, the City may actually perform all or a part of this work and be reimbursed by the Developer/Applicant prior to construction. If the Developer/Applicant installs the substructure, the City will periodically inspect for quality of work and a fee will be assessed. This fee is payable prior to construction.
 - c. Upon installation of electrical components by the City, the substructure system installed under 2b shall be owned and operated by the City. However, the Developer/Applicant at his/her expense shall repair all damages to the substructure system for a period of one year following the date of acceptance of the development by the City Council or date of energization in developments not subject to acceptance by the City Council, whichever is later. Such repair shall include trench, transformer pad or service box settlement, damage to vaults, boxes or conduits, etc.
 - d. All conduits shall be mandrel proved by the Developer/Applicant in the presence of an Electric Utility Department inspector prior to installation of any electrical components. A pull string shall be installed in all conduits. Pull string and mandrel shall be to the specifications of the City.



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- e. The Developer/Applicant shall notify the Electric Utility Department 48 hours in advance of any substructure installation scheduled outside of the normal workday (Monday through Friday). Developer/Applicant shall pay all overtime premiums associated with inspections outside of the normal workday.
 - f. Advance a nonrefundable payment, prior to construction by the City, for any line extension outside the boundary of the development for relocation or modification of any existing facilities.
 - g. For all work to be performed by the City, advance a nonrefundable payment before work is begun for on-site line extension costs, including, but not limited to labor, conductors, transformers and switches.
 - h. Provide all surveying and staking of grades, property lines, right-of-way, and sidewalks for the proposed sites of electrical equipment.
 - i. Provide and install all street lighting materials, per City design and specifications, on all public roadways. Developer/Applicant is responsible for the design, installation and maintenance of streetlights on private roadways or traffic areas.
 - k. All work that will be performed by the Developer/Applicant shall be subject to the approval by the City.
3. City's Responsibility:
- a. Provide final project design of improvement plans submitted for review and approval by the City.
 - b. The City reserves the right to furnish substructures and/or conduits to be installed by developer/applicant. The City will require payment for these materials and equipment prior to delivery and construction. If such is desired by the City, the City will issue a written notice to Developer/Applicant
 - c. Furnish and construct transmission line (60kV) and distribution substation facilities to accommodate new development within the service area.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

E. Special Service Request:

An applicant requesting service at a different voltage than that presently available in an area or requesting capacity for intermittent use (X-ray equipment, motor testing power, etc.) may obtain such service if in the sole judgment of the City it is practical to supply such service without adverse effect on the existing system. The applicant will be required to make a nonrefundable payment prior to construction that is in an amount equal to the estimated cost of the special service, including transformation costs.

F. Exceptional Case:

In unusual circumstances, when the application of this rule appears impractical or unjust to either party, the City or the Developer/Applicant may refer the matter to the City Council for special ruling or for the approval of special conditions which shall be mutually agreed upon prior to commencing construction.

G. Modification of Existing System:

A customer wanting to modify the City's existing system solely for the customer's benefit may have the City do so provided:

- a. Such modification has no adverse effect on the City's system or existing customers.
- b. The customer makes a nonrefundable payment, prior to construction, equal to the estimated cost of such modification.

H. Noncontiguous Developments:

The City will extend its facilities to serve noncontiguous developments within city limits provided:

- a. The Developer/Applicant makes a nonrefundable payment, prior to construction, equal to the estimated amount of the supply extension(s) necessary to serve the development.
- b. The Developer/Applicant obtains at no cost to the City the necessary and satisfactory easements and/or rights-of-way for the extension(s).



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

I. City-Furnished Facilities:

The City may furnish and install, at its expense:

- a. Distribution system components solely for the operating convenience of the City.
- b. Bulk transmission and substation facilities to serve the combined load growth of the City, i.e., the combined load of existing customers.

J. Conflict with Equipment and Facilities:

Equipment and facilities, including metering equipment, installed by the City within easements and rights-of-way that subsequently become obstructed, covered, inaccessible, exposed to traffic, incorrectly applied, etc., as a result of actions such as landscaping, screening, fencing, driveway widening, etc., solely caused by and to the benefit of the property owner and/or occupant of the property where such equipment and facilities were originally installed, shall have corrective measures implemented, per City's approval, at the property owner's and/or occupant's expense.

K. Tree Trimming (Line Clearing):

The Electric Utility Department will from time to time trim, clear away and, if necessary, cut down trees and brush in the vicinity of its overhead lines. "Vicinity" as used herein shall mean from six to ten feet clearance around the primary and secondary conductors, if possible, but in no event shall less than four feet be obtained. These clearances around services (service drops), although desirable, may not be possible in all cases without extreme impact on landscaping.

Tree trimming (line clearing) is done to improve the overall system reliability, to eliminate hazards from trees and branches falling on the lines and per General Order No. 95 of the State of California, Rule 35 which states, "Where overhead wires pass through trees, safety and reliability of service demand that a reasonable amount of tree trimming be done in order that the wires may clear branches and foliage."

The City will perform the necessary trimming to clear the lines, will remove all brush and trimmings from the premises and, if requested by the property owner, will leave any and all valuable timber and wood at the site.

The City will not perform any shaping or overall trimming of trees.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

RULE AND REGULATION NO. 16

SERVICE CONNECTIONS AND FACILITIES ON CUSTOMER'S PREMISES

A. Service in Areas Supplied by Overhead Facilities

1. Below 600 Volts

The City will install, own, operate and maintain an overhead service along the shortest practical route from the City's distribution system to the Point of Interconnection. The customer shall furnish, install, own and maintain all conduits, conductors and other equipment, except metering equipment, beyond the Point of Interconnection.

2. Primary Overhead Service (12,000 Volt)

a. The City will install, own, operate and maintain a primary overhead service along the shortest practical route from the City's distribution system to the Point of Interconnection. Such overhead primary service will include a pole with associated hardware and cabinets for metering equipment, if necessary. The City will require a nonrefundable payment, prior to construction, in the amount of the estimated cost of the service (including conductor, splices, pull box, labor, etc. as applicable).

b. The customer/applicant shall install, own and maintain the Point of Interconnection consisting of facilities for termination of primary overhead service conductors, protection devices and a three-phase gang-operated disconnect switch all to be approved by the City. The customer's Point of Interconnection may include facilities for metering equipment. Such metering facilities shall be approved by the City and conform to the requirements of Electric Utility Service Equipment Requirements Committee (EUSERC).

3. Overhead Service at Transmission Voltage (60,000 Volt)

Service at this voltage level is available only at select locations throughout the City. Specific requirements for this type of service will be determined at time of application.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

4. Underground Service from Overhead Facilities (Transformation on Overhead System)

The City will install a service along the shortest practical route from the City's distribution system to the customer's service equipment under the following conditions:

- a. The customer shall provide all trenching, backfill and compaction and shall furnish and install all conduits, including riser, all per City's specifications.
- b. The City will furnish and install all conductors from the distribution system to the customer's termination facilities, including completion of the riser. The City will require a nonrefundable payment, prior to construction, in the amount of the estimated cost of the service (including conductor, splices, pull box, labor, etc., as applicable).
- c. Underground services installed under this section of the rule, upon energization, shall be owned, operated and maintained by the City with the exception of any conduit or duct on or within the outside perimeter of the building.

B. Service in Areas Supplied by Underground Facilities

1. Below 600 Volts

The City will install a service along the shortest practical route from the City's distribution system to the customer's service equipment under the following conditions:

- a. The customer shall provide all trenching, backfill and compaction and shall furnish and install all conduits per City's specifications.
- b. The City will furnish and install all conductor from the distribution system to the customer's termination facilities. The City will require a nonrefundable payment, prior to construction, in the amount of the estimated cost of the service (including conductor, splices, pull box, labor, etc., as applicable).
- c. Underground services installed under this section of the rule, upon energization, shall be owned, operated and maintained by the City with the exception of any conduit or duct on or within the outside perimeter of the building.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

2. Primary Underground Service (12,000 Volt)

The City will install, own, operate and maintain conduit and conductor along the shortest practical route from the City's distribution system to the customer's termination facilities. The City will require a nonrefundable payment, prior to construction, in the amount of the estimated cost of the service (including conductor, splices, pull box, labor, etc., as applicable). All trenching, excavation, backfill and compaction, to City specifications, shall be furnished by the customer.

Customer termination facilities (service equipment) shall be approved by the City and shall include a three-phase gang-operated switch, protection devices, cable termination devices per City requirements and provisions for metering equipment per EUSERC.

3. Underground Service (60,000 Volt)

Underground service at this voltage level (60,000 volt) is not available.

C. Temporary Services

Temporary services, including services to installations of a speculative nature or of questionable permanency, shall be provided under Rule No. 13.

D. Electrical Service Inspections

1. No new or newly rewired electrical installation will be energized by the City without a signed electrical Service Order from the Building Inspection Division of the City of Lodi.
2. In cases where the Building Inspection Division of the City of Lodi does not have direct jurisdiction and inspections are performed by another agency, a service order generated from a 'courtesy inspection' by the City's Building Inspection Division will be required prior to energization.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

E. Service Connections

1. The City will not connect to any single building more than one service for each voltage classification, either overhead or underground, except:
 - a. For the City's operating convenience;
 - b. Where such additional service may be warranted because of load requirements; and/or
 - c. Where the customer is required by law to have certain emergency services.
2. Connection of service to or disconnection from the City's lines shall be made only by authorized employees of the City.

F. Ownership of Facilities

1. All facilities installed on a customer's premises, including, but not limited to poles, conductors, transformers, meters etc., which are furnished by the City in order to render service, shall remain the sole property of the City.
2. The customer shall not charge the City rent or any other charge for the facilities placed on the customer's premises.

G. Right of Access

1. The City shall have the right of access to the customer's premises, without payment of any charge therefore, at all reasonable hours for any purpose related to the furnishing of electric service, including, but not limited to meter reading, testing, inspection, construction, maintenance, tree trimming and repair of facilities.
2. Service may be refused or disconnected pursuant to Rule No. 11, if permanent accessibility is not provided by the customer.
3. Upon termination of service, the City shall have right of access to the customer's premises to remove its facilities installed thereon.
4. The customer shall obtain and provide the City with all necessary easements as required by the City.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

H. Metering Installations

1. Location

- a. All meters and metering equipment except cabinets will be supplied and installed by the City upon the customer's premises at a location approved by the City's Electric Utility Department.
- b. All meters shall be accessible to authorized employees of the City at all times for inspection, testing and reading.
- c. The City may require a customer to relocate a metering installation, at his expense, if an existing meter location becomes inaccessible or an infraction has been created.

2. Sealing

- a. The customer shall furnish a suitable means for the City to place its seal on the main switch and on the meter and any other enclosure which contains unmetered service conductors.
- b. All metering installation shall be sealed by the City and no such seal shall be broken or tampered with except by a representative of the City authorized to do so.

3. General Metering Requirements

The City's metering requirements are, in general, those of the Electric Utility Service Equipment Requirements Committee (EUSERC). Contact the City for specific details. Metering installations shall conform to Lodi Municipal Code Chapter 13.20, Article II.

I. Customer Responsibility for Facilities

1. The customer shall exercise reasonable care to prevent facilities of the City installed on his/her premises from being damaged or destroyed and shall refrain from tampering or interfering with such facilities, and if any defect therein is discovered by the customer, he/she shall promptly notify the City thereof.
2. The customer shall, at his/her sole risk and expense, furnish, install, inspect, and keep in good and safe condition all electrical facilities required for receiving electric energy from the lines of the City, regardless of the location of the transformers, meters, or other equipment of the City,



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

and for utilizing such energy, including all necessary protective devices and suitable housing therefore, and the customer shall be solely responsible for the transmission and delivery of all electric energy over or through the customer's wires and equipment, and the City shall not be responsible for any loss or damage occasioned thereby.

3. The City shall not be responsible for any failure of a customer-owned main disconnect and/or circuit breaker, at the Point of Interconnection, or any other customer-owned equipment as a result of being operated by City personnel for the purpose of establishing safety isolation between the customer's and the City's electrical system or as a result of the City's normal operating practice.
4. All service switches, cutouts and similar devices required in connection with a service and meter installation on customer's premises shall be furnished and installed by the customer in accordance with City specifications. Such equipment shall be maintained in good working order by the customer.
5. All electrical equipment by the customer shall conform to the standards of governing agencies.



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Accept Notice of Draft Amendments to Conflict of Interest Code for the Year 2006
(Government Code §87306.5)

MEETING DATE: September 20, 2006

PREPARED BY: Janice D. Magdich, Deputy City Attorney

RECOMMENDED ACTION: That City Council accept for filing a draft Resolution Amending the list of Boards, Commissions, City Employees, and Officers subject to Conflict of Interest Reporting Requirements for publication and public comment.

BACKGROUND INFORMATION: The City Council, as the Code reviewing body under the Political Reform Act, must, pursuant to California Government Code §87306.5, review the City's Conflict of Interest Code biennially to determine whether or not an amendment to the Code is necessary. The attached Resolution makes draft changes to the Code based on conditions occurring since the last update in 2004. The attached resolution is in draft form and must be published by Council to begin the forty-five (45) day public comment period on the proposed changes. A final version will be brought back to the Council for approval at the second meeting in November.

The majority of the changes reflect little more than title changes of positions, addition of new positions or deletion of abolished positions. For Council's convenience, the changes are reflected in underline/strikeout form in the draft resolution attached to this council communication.

FUNDING: None required.

Janice D. Magdich
Deputy City Attorney

APPROVED: _____
Blair King, City Manager

~~DRAFT~~ RESOLUTION OF THE LODI CITY COUNCIL
REPEALING RESOLUTION NO. ~~2004-268~~ THEREBY
AMENDING CITY OF LODI CONFLICT OF INTEREST
CODE

Deleted: 2002-235

=====

The Political Reform Act of 1974 (Government Code section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and a hearing it may be amended by the Fair Political Practices Commission to conform to amendments to the Political Reform Act. Therefore, the terms of 2 California Code of Regulations 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached appendices designating officials and employees and establishing disclosure categories shall constitute the conflict of interest code of the City of Lodi.

Designated officials and employees shall file their statements with the City Clerk of the City of Lodi and such statements shall be open for public inspection and reproduction pursuant to Government Code section 81008. Statements for all designated officials and employees will be retained by the City of Lodi.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Resolution No. ~~2004-268~~ is hereby repealed in its entirety.
2. The terms of 2 California Code of Regulations Section 18730 and any amendments duly adopted by the Fair Political Practices Commission along with the attached Appendices in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the City of Lodi.
3. Persons holding designated positions shall file statements of economic interest pursuant to the provisions of this code.
4. All designated officials and employees shall file their statements of economic interests with the City Clerk of the City of Lodi to whom the City Council hereby delegates the authority to carry out the duties of filing officer.
5. Failure to file the required statement in a timely fashion may result in the imposition of administrative, criminal, and civil sanctions as provided in Government Code sections 81000-91014.

Deleted: 2002-235

6. The effective date of this Resolution shall be November 15, 2006.

Deleted: December 1, 2004

Dated: November 15, 2006

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Deleted: December 1, 2004

I hereby certify that Resolution No. 2006- was passed and adopted by the City Council of the City of Lodi in a regular meeting held November 15, 2006, by the following vote:

Deleted: 2004-268

Deleted: December 1, 2004

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

Deleted: Beckman, Hitchcock,
Howard, Land, and
Mayor Hansen

Jennifer M. Perrin
Interim City Clerk

Deleted: Susan J. Blackston

2006-

Deleted: 2004-268

APPENDIX A

DESIGNATED OFFICIALS AND EMPLOYEES

The following is a listing of those persons who are required to submit Statements of Economic Interests pursuant to the Political Reform Act of 1974, as amended:

List of designated positions required to file Form 700:

<u>Department:</u>	<u>Position:</u>	<u>Disclosure Category:</u>
City Manager	City Manager	*
	Deputy City Manager	1
	Management Analyst	1
	Information Systems Manager	1
	Information Systems Coordinator	2,3,4,5,8,10,11,15,16
	Data Processing Manager	2,4,10,11,15,16
	Network Administrator	15,16
City Attorney	City Attorney	*
	Deputy City Attorney	1
City Clerk	City Clerk	1
	Deputy City Clerk	1
Community Center	Community Center Director	1
	Senior Services Coordinator	2,3,4,10,11,16
	Arts Coordinator	2,3,4,10,11,16
	Youth Commission Coordinator	2,3,4, 6, 7,10,11,16,17
	Sr. Facil. Maint. Worker	2,3,4, 6, 7,10,11,16,17
	Stage Technician	2,3,4, 6, 7,10,11,16,17
	Administrative Secretary	2,3,4, 6, 7,10,11,16,17
	Administrative Clerk (Arts Education Assistant)	4
Community Development	Community Development Director	1
	Planning Manager	1
	Senior Planner	1
	Junior\Assistant\Associate Planner	1
	Community Improvement Manager	1
	Building Official	1
	Building Inspector III\Senior	2,3,4,5,6,7,8,9,10,11,15,16
	Community Improvement Officer	2,3,4,5,6,7,8,9,10,11,15,16
	Linhart Petersen Powers Associates	2,3,4,5,6,7,8,9,10,11,15,16
	LSA	2,3,4,5,6,7,8,9,10,11,15,16
	Pacific Municipal Consultants	2,3,4,5,6,7,8,9,10,11,15,16
	Municipal Compliance Consultants	2,3,4,5,6,7,8,9,10,11,15,16
Electric Utility	Electric Utility Director	1
	Senior Electric Utility Rate Analyst	1
	Manager, Customer Service & Programs	1
	Manager, Electric Services	1
	Manager, Business Planning & Marketing	1
	Manager, Engineering & Operations	1
	Electric Utility Superintendent	2,3,4,6,7,8,9,10,15,16

Deleted: City Planner

	Technical Services Manager Manager, Rates & Resources Senior Electrical Estimator Senior Power Engineer Electric Utility Rate Analyst	2,3,4,6,7,8,9,10,15,16 1 4,6 2,3,4,6,7,8,9,10,15, 2,3,4,6,7,8,9,10,15,	Deleted: Manager, Power & Rates¶ Deleted: 1¶
Finance	Financial Services Manager Accountant I/II Senior Accountant Budget Manager Purchasing Officer Senior Storekeeper Buyer Purchasing Technician Management Analyst	2,3,4,5,13,18,20 2,3,4,5,15 2,3,4,5,15 2,3,4,5,13,18,20 2,3,4,5,6,10,11,12,15,16, 19 2,3,4,5,10,12,16 2,3,4,5,10,12,16 4,5,15,16 2,4,14,17,18	Deleted: Finance Director ¶ Accounting Manager Deleted: *¶ Deleted: ¶ Deleted: Revenue Manager¶ Deleted: 20¶
Fire	Fire Chief Fire Division Chief \ Operations Fire Battalion Chief \ Training Fire Battalion Chief Fire Division Chief \ Fire Marshall Fire Inspector	1 2,3,4,6,10,11,12,14,19 2,3,4,6,10,11,12,14,19 2,3,4,6,10,11,12,14,19 1 1	
Human Resources	Human Resources Manager Risk Manager Management Analyst Trainee I/II ADB Insurance & Financial Services Bragg & Associates DB Claims Services Group, Inc.	1 2,4,14,17,18 2,4,14,17,18 2,4,5,11,13,14,18,19 2,4,5,11,13,14,17,18,19 2,4,5,10,11,13,14,16,18,19	Deleted: Human Resources Director
Library	Library Services Director Supervising Librarian	1 4,5,11,15	
Parks and Recreation	Parks and Recreation Director Parks Superintendent Project Coordinator Management Analyst Trainee	1 1 2,3,4,6,7,8,10,16 4,5,10,11,15	
Police	Police Chief Police Captain Management Analyst	1 1 4,5,12	
Public Works	Public Works Director City Engineer Senior Civil Engineer Fleet & Facilities Manager Street Superintendent Assistant Street Superintendent Water/Wastewater Superintendent Assistant Water/Wastewater Superintendent Transportation Manager Fleet Services Supervisor Tree Operations Supervisor	1 1 2,3,4,6,7,8,9,10,15,16 2,3,4,6,8,9,10,15,16 2,3,4,6,7,8,9,10,15,16 2,3,4,6,7,8,9,10,15,16 2,3,4,5,7,8,9,10,15,16 2,3,4,6,7,8,9,10,15,16 2,3,4,10,11,15,16 2,4,9, 11,16 2,4,6,7,8,9, 11,16	

	Management Analyst	2,3,4,6,7,8,9,10,15,16
	Senior Traffic Engineer	2,3,4,6,7,8,9,10,15,16
	Construction Project Manager	2,3,6,7,8,9,10,16

Boards and Commissions	Members of the Planning Commission	*
	Members of the Recreation Commission	2,3,4,6,7,8,9,10,16
	Members of the Site Plan and Architectural Review Committee	2,3,4,6,7,8,9,10,16
	Members of the Library Board of Trustees	2,3,4,6,7,8,9,10,16
	Members of the Lodi Improvement Committee	2,3,4,5,10,11
	Members of the Lodi Arts Commission	2,3,4,5,7,8,9,10,16
	Members of the Budget/Finance Committee	2,3,6,7,8,9,10,16
	Members of the Grape Bowl Ad Hoc Committee	2,3,6,7,8,9,10,16
Consultants		1

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* Exempted from Political Reform Act of 1974, but required to file a statement of economic interests pursuant to Government Code section 87200.

Designated Employees are those positions within the city who may exercise independent judgment and make or participate in the making of governmental decisions which may foreseeably have a material effect on any financial interest.

Consultant means an individual who, pursuant to a contract with a state or local governmental agency:

- A. Makes governmental decisions whether to
 1. approve a rate, rule or regulation;
 2. adopt or enforce a law;
 3. issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order or similar authorization or entitlement;
 4. authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval;
 5. grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
 6. grant agency approval to a plan, design, report, study or similar item;
 7. adopt, or grant agency approval of policies, standards, or guidelines for the agency, or for any subdivision thereof; or
- B. Serves in a staff capacity with the agency and in that capacity performs the same or substantially the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agencies Conflict of Interest Code.

The City Manager or his designee may determine in writing that a particular consultant, although a “designated position” is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon the description, a statement of the extent of the disclosure requirements. The City Manager or his designee’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Public Officials Specified in Government Code Section 87200: The following positions shall file a statement of economic interests pursuant to Government Code Section 87200:

1. Members of the Lodi City Council
2. City Manager
3. City Attorney
4. Members of the Lodi Planning Commission

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APPENDIX B

APPENDIX OF DISCLOSURE CATEGORIES

DEFINITION

'Unit" as used in this text means the particular department, board, commission, office or other entity using the disclosure category.

DISCLOSURE CATEGORIES

1. All investments and business positions in business entities, sources of income and interests in real property.
2. Investments and business positions in business entities, and all sources of income.
3. Interests in real property.
4. Investments and business positions in business entities and sources of income from entities providing supplies, services, equipment or machinery of the type used by the designated employee's unit.
5. Investments and business positions in and income from entities which are book outlets, vendors or providers of business services.
6. Investments and business positions in business entities and income from sources engaged in construction, building, or material supply.
7. Investment and business positions in and income from sources engaged in construction or development.
8. Investment and business positions in and income from sources engaged in the construction of public works projects.
9. Investment and business positions in and income from construction firms involved in construction projects subject to acceptance by the City Council.
10. Investment and business positions in and income from business entities of the type to provide bids, supplies, vehicles and equipment.
11. Investment and business positions in and income from entities which provide training, services or facilities of the type utilized by the city.
12. Investments and business positions in business entities and sources of income which provide services and supplies of the type used in emergency services coordination and training activities.
13. Investments and business positions in and income from Union Pension funds that may be affected by the outcome of negotiations involving monetary settlements of employer-employee memorandums.

14. Investments and business positions in business entities and sources of income which provide medical services or facilities of the type used by the city.
15. Investments and business positions in and income from business entities supplying or manufacturing electronic equipment, supplies or services of the type utilized by the employee's unit.
16. Investments and business positions in and income from business entities providing supplies, services, equipment or machinery of the type used by the city.
17. Investments and business positions in and income from employment agencies or entities which provide employment or pre-employment services. Services include, but are not limited to, testing, training, consulting, recruiting, job classification studies and salary surveys.
18. Investments and business positions in and income from business entities which are of the type to provide any of the various types of employee insurance coverage and/or actuarial services.
19. Investments and business positions in business entities and income from sources which supply or manufacture firefighting or medical equipment or supplies.
20. All investments and business positions in business entities, sources of income, and interests in real property of the type which municipalities are permitted to invest under the California Government Code.



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution to amend the Memorandum of Understanding with the Lodi Professional Firefighters for the period July 1, 2006 through June 30, 2007.

MEETING DATE: September 20, 2006

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt Resolution to amend the Memorandum of Understanding with the Lodi Professional Firefighters through June 30, 2006.

BACKGROUND INFORMATION: The attached amendment to the Lodi Professional Firefighters MOU conforms to the direction previously provided by the City Council. The amendments to the MOU are as follows:

- 1) An extension of the term for the period of July 1, 2006 through June 30, 2007
- 2) No Cost of living increases for the extended period of the MOU.
- 3) Adjusted pay ranges for Fire Captain and Fire Engineer salary ranges.

FISCAL IMPACT: The increase in the Fire Captain and Fire Engineer salary ranges will be less than the impact that a cost of living increase would be for the same period of time.

FUNDING AVAILABLE: The anticipated increase from the salary range adjustment is included in the Fire Department Budget. It is anticipated that the additional cost for the adjusted salary range is approximately \$89,000 for fiscal year 2006-07.

Ruby Paiste, Finance Services Manager

Jim Krueger
Deputy City Manager

Attachment

APPROVED: _____
Blair King, City Manager

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL AMENDING THE
MEMORANDUM OF UNDERSTANDING WITH THE LODI
PROFESSIONAL FIREFIGHTERS

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby amends the Memorandum of Understanding with the Lodi Professional Firefighters, with the changes as shown as follows:

- 1) An extension of the term for the period of July 1, 2006 through June 30, 2007.
- 2) No Cost of living increases for the extended period of the MOU.
- 3) Adjusted pay ranges for Fire Captain and Fire Engineer salary ranges.

Dated: September 20, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 20, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. PERRIN
Interim City Clerk

2006-_____

**MEMORANDUM OF UNDERSTANDING
BETWEEN
CITY OF LODI
AND
LODI PROFESSIONAL FIREFIGHTERS**

July 1, 2006 – June 30, 2007

Effective July 1, 2006, and except as provided herein, the July 1, 2003 to June 30, 2006 Memorandum of Understanding ("MOU") between the Lodi Professional Firefighters and the City of Lodi shall extend for one year to June 30, 2007.

Salary Schedule Adjustments – In order to address changes in past practice that resulted in certain classification steps becoming obsolete and no longer viable, the following salary schedule amendments shall be made:

Firefighter I shall be a single step position – "A" Step = \$3525.87

Engineer	-	"A" Step = \$4500.02
		"B" Step = \$4725.01
		"C" Step = \$4961.26
		"D" Step = \$5209.32
		"E" Step = \$5469.79

Captain	-	"A" Step = \$5209.32
		"B" Step = \$5469.79
		"C" Step = \$5743.28
		"D" Step = \$6030.44
		"E" Step = \$6331.96

Any "E" Step Captain or Engineer that has been in that step for longer than one year as of July 1, 2006, will immediately receive a 5% increase. This increase shall take effect retroactive to July 1, 2006.

Term – The terms and conditions of this MOU shall apply from July 1, 2006 through June 30, 2007.

Subsequent Meet and Confer Discussions – The parties mutually agree to commence meet and confer discussions related to a new MOU no later than three months prior to the expiration of this MOU.

Lodi Professional Firefighters:

City of Lodi:

Brad Doell

Blair King, City Manager

Oscar Picazo

Paul Alvarez

Aaron Ayers

Rodney Cordero

Joe Hansen

Bill Broderick



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution to amend the Memorandum of Understanding with the Lodi Police Mid-Management Organization for the period July 1, 2006 through June 30, 2007.

MEETING DATE: September 20, 2006

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt Resolution to amend the Memorandum of Understanding with the Lodi Police Mid-Management Organization through June 30, 2007.

BACKGROUND INFORMATION: The City Council directed City staff to reach an agreement with the Lodi Police Mid-Management Organizations to extend their Memorandum of Understanding with the City. The amendments, which have a monetary effect, are as follows:

- 1) An extension of the term for the period of July 1, 2006 through June 30, 2007
- 2) No Cost of living increases for the extended period of the MOU
- 3) Performance Incentive Bonuses will be adjusted to reflect the same amounts as included in the MOU with the Police Officers Association (POA)
- 4) Tuition costs will be reimbursed up to same amount as included in the MOU with the POA (up to a maximum of \$2,500 per fiscal year)
- 5) All other changes are similar to provisions included in the Police Officers Association MOU

FISCAL IMPACT: The only amendment which represents an increase in costs of any significance is the change in the Performance Incentive Bonuses. This item represents an increase in costs of \$13,500 on an annual basis and is far less than a cost of living increase would be.

FUNDING AVAILABLE: The estimated cost of \$13,500 in the Performance Incentive Bonuses is included in the Police Department Budget.

James R. Krueger
Deputy City Manager

Attachments

APPROVED: _____
Blair King, City Manager

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL AMENDING THE
MEMORANDUM OF UNDERSTANDING WITH THE LODI POLICE
MID-MANAGEMENT

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby amends the Memorandum of Understanding with the Lodi Police Mid-Management, with the changes as shown as follows:

- 1) An extension of the term for the period of July 1, 2006 through June 30, 2007.
- 2) No Cost of living increases for the extended period of the MOU.
- 3) Performance Incentive Bonuses will be adjusted to reflect the same amounts as included in the MOU with the Police Officers Association (POA).
- 4) Tuition costs will be reimbursed up to same amount as included in the MOU with the POA (up to a maximum of \$2,500 per fiscal year).

Dated: September 20, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 20, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. PERRIN
Interim City Clerk

2006-_____

MEMORANDUM OF UNDERSTANDING

BETWEEN

CITY OF LODI

AND

LODI POLICE MID-MANAGEMENT ORGANIZATION

JULY 1, 2006 – JUNE 30, 2007

Effective July 1, 2006 and except as provided herein, the July 21, 2003 through June 30, 2006 Memorandum of Understanding ("MOU") between the Lodi Police Mid-Management Organization ("LPMO") and the City of Lodi ("City") shall extend for one year to June 30, 2007.

Salary Adjustments

There will be no Cost of Living Adjustments (COLAs) provided to the LPMO members during the term of this MOU except as provided below:

Salary adjustments shall continue for reclassifications, salary step increases, and promotions. Should any other bargaining unit within the City be granted a COLA or other across the board salary increase effective during the year following the expiration of their MOU from December 2005 to November 2007, then LPMO members shall be given the same COLA or salary increase, effective the first pay period after July 1, 2006 falls. Said COLA shall be added to base salary. Should a larger COLA or salary increase be subsequently granted to another bargaining unit effective the year following their expired MOU, LPMO members shall receive the differential of the larger COLA or salary increase, retroactive to the first pay period after July 1, 2006 falls. Said COLA or across the board salary increase differential shall be added to base salary.

Article V – Court Time

- 5.1 Employees scheduled to make court appearances during off-duty, or when on graveyard shift, shall be compensated at the rate of time and one-half for actual hours involved in such appearances. In no event shall they be paid for less than four hours.
- 5.3 Cancellation of scheduled appearance must be made at least two hours before said scheduled appearance or the minimum four hours shall be paid.

Article VI – Performance Incentive Bonus

- 6.1 Commencing with the July 1, 2005 – June 30, 2006 employee evaluation period, said bonus will be \$1,500 for those employees who have completed the service requirements of ten (10) years, and \$3,000 for those employees who have completed the service requirements of twenty (20) years.

Article XXIV – Tuition Reimbursement

24.1 Effective July 1, 2006, employees shall receive the following:

- 1) Tuition costs, up to a maximum of \$2500 per fiscal year, to be paid upon the satisfactory completion of course work.

Article XXVII - Holidays

27.5 If holiday time is not used by the end of the calendar year, it will be cashed out to the employee.

Article XXVIII – Sick Leave

28.1 Effective July 1, 2006, all employees shall accumulate sick leave at the rate of 5.54 hours per pay period (144 hours per year) with no limit on the amount that can be accrued. Sick leave shall be taken in increments of not less than quarter hours.

Term

The terms and conditions of this MOU shall apply from July 1, 2006 through June 30, 2007.

Subsequent MOU Discussions

Both the LPMO and the City mutually agree to commence future contractual discussions related to a new MOU no later than three months prior to the expiration of this MOU.

**LODI POLICE MID-MANAGEMENT
ORGANIZATION**

**CITY OF LODI
A MUNICIPAL CORPORATION**

Chet Somera, President

Blair King, City Manager

Date:_____

Date:_____



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Appointing Randi Johl to the position of City Clerk and Approving an Employment Agreement

MEETING DATE: September 20, 2006

PREPARED BY: City Manager

RECOMMENDED ACTION: Adopt Resolution Appointing Randi Johl to the position of City Clerk and approving an Employment Agreement.

BACKGROUND INFORMATION: Pursuant to Council direction provided September 6, 2006, a draft employment agreement has been prepared for City Clerk designee Randi Johl. The employment agreement is similar to that of other Council appointees

The City Council selected Ms. Johl as Lodi's next Clerk after a State-wide search that commenced in May and concluded with the employment offer extended and accepted by Ms. Johl.

Attached is Press Release announcing Ms. Johl's selection.

FISCAL IMPACT: Salary is within Council approved range, \$7,210/Month.

Blair King
City Manager

Attachment

APPROVED: _____
Blair King, City Manager



CITY OF LODI
HUMAN RESOURCES DIVISION
221 West Pine Street
P.O. Box 3006
Lodi, California 95240-1910
(209) 333-6704
bdavis@lodi.gov

PRESS RELEASE

For Immediate Release:

THE CITY OF LODI CITY COUNCIL HAS APPOINTED A NEW CITY CLERK

The City of Lodi is proud to announce Randi Johl as the new City Clerk. Randi is currently the City Clerk for the City of Fountain Valley and will return to her home town of Lodi effective October 16, 2006. She has approximately seven years of municipal experience including working as a law clerk for a southern California firm specializing in municipal agencies. Randi has a full breath of knowledge and experience as a City Clerk and an extensive background in municipal elections, legal research, and legislative analysis.

Randi is currently appointed to the League of California Cities- Administrative Services Policy Committee which is the voice for City Clerks and is appointed to the Orange County Voting Rights Act Task Force. Randi is a graduate of Tokay High School and has received her Juris Doctor (Cum Laude) Degree from Trinity Law and Graduate school. Relevant awards and distinctions include the Department of Justice Honors Program, 2004 Law Student of the year, Law Review and Scholar/American Jurisprudence Award and the National Scholar Honor Society Academic Achievement Award. Randi is considered to be a leader, mentor, and proactive in the field of City Clerks. Monthly salary is \$7,210.

RESOLUTION NO. ____

A RESOLUTION OF THE LODI CITY COUNCIL APPOINTING
RANDI JOHL TO THE POSITION OF CITY CLERK, AND
APPROVING EMPLOYMENT SERVICES AGREEMENT
EFFECTIVE OCTOBER 16, 2006

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby appoints
Randi Johl to the position of City Clerk for the City of Lodi; and

BE IT FURTHER RESOLVED that the City Council hereby approves the
Employment Agreement effective October 16, 2006.

Dated: September 20, 2006

=====

I hereby certify that Resolution No. 2006-____ was passed and adopted by the City
Council of the City of Lodi in a regular meeting held September 20, 2006, by the following
vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. PERRIN
Interim City Clerk

2006-____

EMPLOYMENT AGREEMENT

City Clerk

THIS AGREEMENT entered into on September 20, 2006, by and between the CITY OF LODI, a municipal corporation (hereinafter referred to as "City") and RANDI JOHL, an individual (hereinafter referred to as "Employee").

WHEREAS, City desires to employ the services of Employee as City Clerk; and

WHEREAS, Employee desires to serve as City Clerk for the City beginning October 16, 2006; and

WHEREAS, City and Employee agree in writing to the terms and conditions of employment as City Clerk; and

WHEREAS, Employee and City agree and acknowledge that Employee's employment as City Clerk is her sole and exclusive employment with City, and that their employment relationship is governed solely and exclusively by this Agreement.

NOW, THEREFORE, in consideration of the promises and conditions set forth herein, the parties mutually agree as follows:

1. **Employment:** City agrees to employ Employee as City Clerk, in accordance with the following provisions:

(a) Employee shall perform the functions and duties of a City Clerk as specified in the California Government Code, City Ordinances, Resolutions, Rules and Regulations and other state and local statutes. Employee shall be responsible for managing and directing the operations of the City Clerk's Office in accordance with an agreed upon performance plan.

(b) Employee shall perform her duties to the best of her ability in accordance with the highest professional and ethical standards of the profession and shall comply with all general rules and regulations established by the City.

(c) Employee agrees to accomplish specific tasks as specified and described by the City Council from time to time in a timely and professional manner. Such specific tasks shall be discussed with Employee and then adopted by motion by the City Council as frequently as the City Council may choose.

(d) Employee shall not engage in any activity which is or may become a conflict of interest, prohibited contract, or which may create an incompatibility of office as defined under California law. Employee shall comply fully with her reporting and disclosure obligations under regulations promulgated by the Fair Political Practices Commission (FPPC).

(e) Employee agrees to remain in the exclusive employ of the City during the term of this Agreement. Employee shall dedicate her full energies and qualifications to her employment as City Clerk, and shall not engage in any other employment except as may be specifically approved in writing in advance by the City Council.

(f) Employee is an exempt employee who does not accrue compensatory time off, but is expected to engage in those hours of work which are necessary to fulfill the

obligations of her position. Employee does not have set hours of work as she is expected to be available at all times. It is recognized that Employee must devote a great deal of her time outside "normal office hours" to the business of the City, and to that end Employee's schedule of work each day and week shall vary in accordance with the work required to be performed. The Employee has discretion as to her work schedule.

(g) City shall provide Employee with an office, support staff, office equipment, supplies and all other facilities and services adequate for the performance of her duties.

(h) City shall pay for, or provide, Employee reimbursement of actual business expenses. The City shall provide Employee with a City credit card to charge appropriate and lawful business expenses up to the amount provided for in the City budget.

2. Maintenance of Professional Expertise: To promote continued professional growth and benefit to the City, Employee shall, at City expense and consistent with budgetary constraints: maintain membership in professional organizations related to city management administration and related professional disciplines; attend workshops, seminars and other similar activities designed to advance Employee's professional development; and, represent the City in professional associations and other organizations.

3. Term:

(a) Employee is an "at will" employee and shall serve at the pleasure of the City Council.

(b) Except as provided in Section 5, nothing in this Agreement shall prevent, limit or otherwise interfere with the rights of the City Council to terminate the services of Employee.

(c) Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employee to resign at any time from her position as City Clerk, subject only to the provisions set forth in Section 4 and Section 10.

4. Separation:

(a) Resignation – In the event Employee terminates this Agreement by voluntary resignation of her position with the City, Employee shall not be entitled to severance pay otherwise provided in Section 5 of this Agreement. In the event Employee voluntarily resigns her position with City, she shall give City at least forty-five (45) days advance written notice and shall be entitled to all earned salary and in-lieu vacation leave.

(b) Termination and Removal - The City Council may remove Employee at any time, with or without cause, by a majority vote of its members. Notice of termination shall be provided to Employee in writing. Any such notice of termination shall be given at a noticed meeting of the City Council. Employee shall not be removed during the first 120-days following any change in membership of the City Council, except upon four-fifths (4/5) vote of the City Council. Given the at-will nature of the position of City Clerk, an important element of this Agreement pertains to termination. It is in both the City's interest and that of Employee that separation of Employee be done in a businesslike manner.

5. **Severance Pay:** In the event Employee is terminated by the City Council and Employee remains willing and able to perform the functions and duties of ~~City Manager~~, City agrees to pay to Employee a lump sum cash payment equal to six (6) months salary and to continue to pay Employee's health insurance benefits upon the same terms set forth in paragraph 9(a) of this Agreement for six (6) months from Employee's date of termination. In all cases such payments shall be subject to all rules and regulations governing withholding. However, notwithstanding the above, if Employee is terminated due to retirement, insubordination, incapacity, dereliction of duty, *conviction of a crime involving acts of moral turpitude or involving personal gain to him*, or a breach of this agreement, City shall have no obligation to pay any severance or insurance provided in this section.

City Clerk
B

6. **Employment as City Clerk is Sole Employment with City:** Employee further represents and acknowledges that her employment as City Clerk is her sole and exclusive employment with the City. Employee has no right to any other exempt position with the City or to any employment in the classified service.

7. **Salary:** City agrees to pay Employee \$86,520.00 in salary per annum for her services, payable in installments at the same time as other employees of the City are paid and subject to customary withholding.

8. **Basic Benefits:**

(a) Holidays - Employee shall receive thirteen and one half (13 ½) paid holidays per year credited in the same manner as all other City employees.

(b) Vacation Leave - Employee shall be granted paid vacation leave in the amount of 15 days per year at the same rate of accumulation granted all other City employees. Upon termination or resignation of employment, Employee or those entitled to her estate, shall receive a lump sum payment for unused or accumulated vacation time to her credit at her rate of pay as of her date of termination.

(c) Sick Leave - Employee shall be granted 12-days of sick leave per year which will accrue at a rate of 3.08 hours per pay period.

(d) Administrative Leave - Employee shall be granted eighty (80) hours of administrative leave per year. Upon termination or resignation of employment, Employee or those entitled to her estate, shall receive a lump sum payment for unused or accumulated administrative leave to her credit at her rate of pay as of her date of termination.

(e) Other terms and conditions - Except as otherwise provided herein, all provisions of the City of Lodi Municipal Code, official policies and regulations and rules of the City relating to disability, incapacity, vacation, holidays, retirement systems contributions, and other fringe benefits and working conditions as they now exist or hereafter may be amended also shall apply to Employee as they would to other executive management employees of City in addition to said benefits set out in this Agreement. Currently those benefits include a PERS two percent (2%) at fifty-five retirement plan.

9. Insurance:

(a) **Medical Insurance:** Employee shall receive family medical and pharmaceutical insurance, family dental insurance, long-term disability, chiropractic insurance and any other similar benefit which may be made available to Employee by the City as outlined in the City of Lodi Executive Management Statement of Benefits, March 1998 or by Council Resolution. The Statement of Benefits or Council Resolution describes these benefits and any applicable deductibles.

(b) **Deferred Compensation:** Employee may participate in the City's Deferred Compensation plan. The City will match up to 3% percent of the employee's base salary.

(c) **Life Insurance:** Employee shall receive Life Insurance equivalent to City Department Heads.

10. Relocation Expenses: City agrees to pay Employee up to \$6,000 for the cost of moving Employee's household goods to Lodi. Employee will obtain three bids for the moving expenses and submit the lowest bid to the City for reimbursement. In the event Employee voluntarily terminates her employment with the City within twenty-four (24) months of this Agreement, she shall reimburse the City for any expenses actually paid by the City under this paragraph.

11. Retirement: City is a full member of the Public Employees Retirement System (PERS) to which City agrees to contribute to Employee's retirement account the total amount required by it and to contribute Employee's contribution of seven (7) percent to the membership contract with PERS for each pay period.

12. Performance Evaluation: Annual performance evaluations are an important way for the City Council and Employee to ensure effective communications about expectations and performance. The City Council recognizes that for Employee to respond to their needs and to grow in the performance of her job, she needs to know how the City Council Members think she is performing. To assure Employee gets this feedback, the City Council commits to:

(a) *Conduct an evaluation of Employee's performance at least annually, or on any other schedule deemed appropriate by the City Council. At the request of the City Council or Employee the City may use an outside facilitator to assist them in conducting this evaluation.*

(b) *The annual review and evaluation shall be in accordance with specific criteria developed jointly by the City Council and Employee. Such criteria may be added to or deleted as the City Council may from time to time determine in consultation with Employee.*

(c) *The City Council and Employee shall define such goals and performance objectives which they determine necessary for the proper operation of the City for the attainment of the City Council's policy objectives. The City Council and Employee shall further establish a relative priority among those various goals and objectives.*

13. Assignment: Employee shall not assign any of the duties and responsibilities, or obligations of this Agreement except with the express written consent of the City Council.

14. **Authority to Work in the United States:** Employee represents, under penalty of perjury, that she is authorized to work in the United States. In accordance with §274A (8 USC 1324) of the Immigration Reform and Control Act of 1986 before this Agreement can become effective, Employee must provide documentary evidence to City consistent with the Act, that she is legally entitled to work in the United States, and must execute the verification required by that Act.


15. **Cell Phone/Vehicle:** Employee will be provided with a cell phone for employment related use at the City's expense on terms consistent with other Executive Managers. Employee will also be provided with access to the Administration Pool Car for work related use on an as available basis.

16. **Notice:** All notices required herein shall be sent first class mail to the parties as follows:

To City:

City of Lodi
P. O. Box 3006
Lodi, CA 95241-1910

To Employee:

Randi Johl


Notice shall be deemed effectively served upon deposit in the United States mail.

17. **Entire Agreement:** This Agreement contains the entire agreement between the parties hereto. No promise, representation, warranty, or covenant not included in this Agreement has been or is relied on by any party hereto. This Agreement may only be amended by written instrument signed by Employee and specifically approved by the City Council in open session.

{CONTINUED ON THE FOLLOWING PAGE}


18. Severability: If any provision of this Agreement is invalid or unenforceable, it shall be considered deleted herefrom and the remainder of this Agreement shall be unaffected and shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year written above.

CITY OF LODI, a municipal corporation

EMPLOYEE

By: _____
Susan Hitchcock
Mayor

By:  _____
Randi Johl

ATTEST:

By: _____
Jennifer Perrin
Interim City Clerk

APPROVED AS TO FORM:

Janice D. Magdich
Deputy City Attorney

Comments by the public on non-agenda items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted.

Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

Comments by the City Council Members on non-agenda items



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Public Hearing to Consider Unmet Transit Needs in Lodi

MEETING DATE: September 20, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council conduct a public hearing to consider unmet transit needs in Lodi.

BACKGROUND INFORMATION: These public hearings are an annual requirement of the Transportation Development Act regulations. The San Joaquin Regional Transit District will also be sponsoring several Unmet Transit Needs hearings in San Joaquin County, including Lodi. To date, no comments have been communicated to staff. It should be noted that many of the comments are given directly via email to San Joaquin Council of Governments (SJCOG) staff throughout the year.

The Unmet Transit Needs process for San Joaquin County begins with public hearings held at various locations in all incorporated cities of the County. Along with the public hearings, there are a variety of workshops and community outreach meetings to reach residents not located in the incorporated areas. The public hearings and community outreach meetings are aimed to obtain comments concerning transit service in the County. Once all comments have been received, SJCOG meets with the Social Service Transportation Advisory Committee (SSTAC), along with transit operator(s), to review the comments and determine if there are any unmet transit needs, as well as to determine that they meet the adopted definitions of "reasonable to meet".

"Reasonableness to meet" is not based solely upon economic feasibility. An identified unmet transit need shall be determined to be reasonable to meet if determined that the transit service will be in general compliance with the following criteria:

1. The proposed service can be implemented consistent with the transportation improvement priorities, policies and performance standards contained in the Regional Transportation Plan, the transit development plan, or the short-range transit plan for the area.
2. The proposed service can be implemented safely and in accordance with local, state, and federal laws and regulations.
3. The additional transit service shall not cause the system of which it is a part to fail to meet system-wide performance standards including:
 - a. The operator's ability to maintain the required fare-to-operating-cost ratio;
 - b. The estimated number of passengers carried per service hour for proposed service shall be in the range of other similar services provided; and
 - c. The estimated subsidy per passenger shall be equivalent to other parts of the transit system.

APPROVED: _____
Blair King, City Manager

4. When the additional transit service is considered separately, both the fare-to-operating-cost ratio and the estimated subsidy per passenger shall not vary by more than 15% from the average for the type of service provided by the operator.
5. The proposed service would not cause claimant to incur expenses in excess of the maximum allocation of TDA funds.

FISCAL IMPACT: This hearing is required in accordance with the Transportation Development Acts the transit system utilizes for operations and capital.

FUNDING AVAILABLE: None required.

Richard C. Prima, Jr.
Public Works Director

Prepared by Tiffani M. Fink, Transportation Manager

RCP/TMF/pmf

cc: Douglas Ito, San Joaquin Council of Governments



CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING

Date: September 20, 2006

Time: 7:00 p.m.

For information regarding this notice please contact:

Jennifer M. Perrin
Interim City Clerk
Telephone: (209) 333-6702

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, September 20, 2006** at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) to consider unmet transit needs in Lodi.

Information regarding this item may be obtained in the Public Works Department, 221 West Pine Street, Lodi, (209) 333-6706. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 W. Pine Street, 2nd Floor, Lodi, 95240 at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

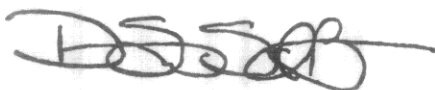
If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the close of the public hearing.

By Order of the Lodi City Council:


Jennifer M. Perrin
Interim City Clerk

Dated: September 6, 2006

Approved as to form:


D. Stephen Schwabauer
City Attorney



***Please immediately confirm receipt
of this fax by calling 333-6702***

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: to consider unmet transit needs in Lodi.

LEGAL AD

PUBLISH DATE: Saturday September 9, 2006

TEAR SHEETS WANTED: Three (3) please

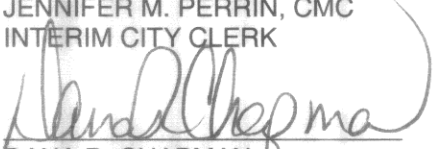
SEND AFFIDAVIT AND BILL TO: JENNIFER M. PERRIN, INTERIM CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: FRIDAY, September 8, 2006

ORDERED BY: JENNIFER M. PERRIN
INTERIM CITY CLERK

JENNIFER M. PERRIN, CMC
INTERIM CITY CLERK

JACQUELINE L. TAYLOR, CMC
DEPUTY CITY CLERK


DANA R. CHAPMAN
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

LNS Faxed to the Sentinel at 369-1084 at 3:00pm (time) on 9/7/06 (date) 2 (pages)
DRC Phoned to confirm receipt of all pages at 3:30 (time) JLT DRC JMP (initials)



DECLARATION OF POSTING

To consider unmet transit needs in Lodi.

On Friday, September 8, 2006, in the City of Lodi, San Joaquin County, California, to consider unmet transit needs in Lodi, was posted at the following locations:

Lodi Public Library
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

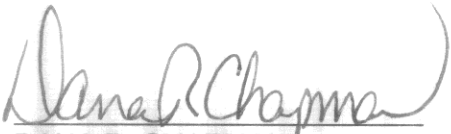
Executed on September 8, 2006, at Lodi, California.

ORDERED BY:

**JENNIFER M. PERRIN
INTERIM CITY CLERK**

JENNIFER M. PERRIN, CMC
INTERIM CITY CLERK

JACQUELINE L. TAYLOR, CMC
DEPUTY CITY CLERK



DANA R. CHAPMAN
ADMINISTRATIVE CLERK



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt resolution to amend the Electric Utility Department Rules and Regulations No. 15 to assess a Transmission & Substation System Charge on new developments outside existing City limits as of August 1, 2006 (EUD)

MEETING DATE: September 20, 2006

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt a resolution amending the Electric Utility Department Rules and Regulations No. 15 to establish a new Transmission and Substation System Charge and assess this fee on new developments outside City boundaries as they exist on August 1, 2006.

BACKGROUND INFORMATION: Presently, the cost of constructing new transmission lines and substation facilities for the distribution system is provided by the Electric Utility Department (EUD) without any cost contributions by new developers.

Presently, EUD's existing four (4) distribution substations have sufficient capacity for existing and in-fill development within the city. In the short run, new developments outside existing city boundaries can also be served from existing substations. In the longer run, however, new substations may be required in the west/southwest and/or south/southwest areas of the community to reliably accommodate expanded growth beyond current city boundaries.

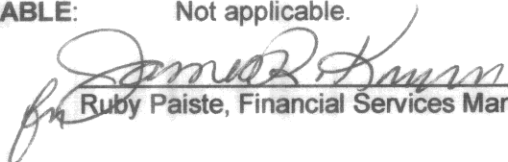
Based on typical EUD substation and transmission facilities design, the estimated cost of constructing a new substation and its associated transmission system is \$7,864,500 (in 2006 dollars). The corresponding cost per kVA (kilovolt-amperes) is \$163.84, which is calculated using the 48MVA (megavolt-amperes) effective capacity of the EUD's standard substation.

Staff recommends the establishment of a Substation and Transmission System Charge to be assessed as a development impact fee upon future EUD electric load outside City boundaries as they exist on August 1, 2006. The initial amount of such charge would be \$163.84 per kVA of computed new electrical load. This charge would be adjusted annually beginning January 1, 2008 based on changes in the Producer Price Index for Electric Power Distribution. [For a typical 200 amp residence (5kVA), the one-time charge would be \$819.20.]

A separate account shall be established under the EUD's Capital Improvement Project (CIP) Fund for the collected fees. This separate fund shall be expended only for the construction of new substation and transmission lines and shall not be commingled with other capital accounts. The proposed amendment to EUD's Rules and Regulations No. 15 (Extension of Facilities) is shown in Attachment A.

FISCAL IMPACT: This action will provide funds for future capital expenditures associated with new substation/transmission facilities.

FUNDING AVAILABLE: Not applicable.

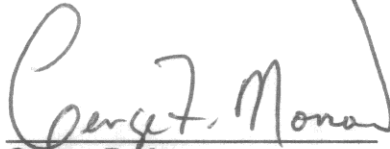

Ruby Paiste, Financial Services Manager

APPROVED: 
Blair King, City Manager

Adopt resolution to amend the Electric Utility Department Rules and Regulations No. 15 to assess a Transmission & Substation System Charge on new developments outside existing City limits as of August 1, 2006 (EUD

September 20, 2006

Page 2 of 2

A handwritten signature in dark ink, appearing to read "George F. Morrow", is written over a horizontal line.

George F. Morrow
Electric Utility Director

PREPARED BY: Demy Bucaneg, Jr., P.E.

GFM/DB/lst
Attachments
cc: City Attorney



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

AMENDMENT TO RULE AND REGULATION NO. 15

(EXTENSION OF FACILITIES)

Existing Section D.3 of Rule and Regulation No. 15 is amended by the addition of a new Subsection "c" to read as follows:

D. Line Extensions

3. City's Responsibility:

- c. Furnish and construct transmission line (60kV) and distribution substation facilities to accommodate new development within the service area. The projected costs of such facilities shall be shared proportionately based on the electrical capacity requirements of new electric load, as determined by EUD. These projected costs shall include labor, materials, equipment and infrastructure to construct necessary transmission line and distribution substation facilities.

A "Transmission & Substation System Charge" shall be assessed to new developments and/or electric load outside City boundaries as such boundaries exist on August 1, 2006. The amount of this charge (\$163.84 per kVA of computed new electrical load) shall be documented in the Schedule of Charges attached to EUD's Rules and Regulations.

The amount of the Transmission & Substation System Charge shall be revised annually beginning January 1, 2008 based on the change in the U.S. Department of Labor's Bureau of Labor Statistics' Producer Price Index (PPI) for Electric Power Distribution between the PPI for the month of June of the prior two calendar years. If there is a change in this charge between the time of application for electric service and the actual payment of charges, the charge in effect at the time of payment shall apply.

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL AMENDING THE ELECTRIC
UTILITY DEPARTMENT RULES AND REGULATIONS NO. 15, ESTABLISHING A
NEW TRANSMISSION & SUBSTATION SYSTEM CHARGE ON NEW
DEVELOPMENTS OUTSIDE EXISTING CITY LIMITS AS OF AUGUST 1, 2006

=====

WHEREAS, presently the cost of constructing new transmission lines and substation facilities for the distribution system is provided by the Electric Utility Department (EUD) without any cost contributions by new developers; and

WHEREAS, presently, the Electric Utility Department's existing four (4) distribution substations have sufficient capacity for existing and in-fill development within the city; and

WHEREAS, in the short-term, new developments outside existing city boundaries can also be served from existing substations, and in the long-term, new substations may be required in the west/southwest and/or south/southwest areas of the community to reliably accommodate expanded growth beyond current city boundaries; and

WHEREAS, based on typical EUD substation and transmission facilities design, the estimated cost of constructing a new substation and its associated transmission system is \$7,864,500 (in 2006 dollars). The corresponding cost per kVA (kilovolt-amperes) is \$163.84, which is calculated using the 48MVA (megavolt-amperes) effective capacity of the EUD's standard substation; and

WHEREAS, staff recommends the establishment of a Substation and Transmission System Charge to be assessed as a development impact fee upon future EUD electric load outside City boundaries as they exist on August 1, 2006. The initial amount of such charge would be \$163.84 per kVA of computed new electrical load. This charge would be adjusted annually beginning January 1, 2008 based on changes in the Producer Price Index for Electric Power Distribution; and

WHEREAS, a separate account shall be established under the EUD's CIP Fund for the collected fees. Fund shall be expended only for the construction of new substation and transmission lines and shall not be commingled with other capital facilities account. The proposed amendment to EUD's Rules and Regulations No. 15 (Extension of Facilities) is shown in Attachment A.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby amends the Electric Utility Department's Rules and Regulations No. 15, establishing a new Transmission and Substation System Charge and approves assessment of this fee on new developments outside City boundaries as they exist on August 1, 2006; and

BE IT FURTHER RESOLVED, that this Resolution shall take effect on December 1, 2006.

Dated: September 20, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 20, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. PERRIN
Interim City Clerk

2006-_____



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

AMENDMENT TO RULE AND REGULATION NO. 15

(EXTENSION OF FACILITIES)

Existing Section D.3 of Rule and Regulation No. 15 is amended by the addition of a new Subsection "c" to read as follows:

D. Line Extensions

3. City's Responsibility:

- c. Furnish and construct transmission line (60kV) and distribution substation facilities to accommodate new development within the service area. The projected costs of such facilities shall be shared proportionately based on the electrical capacity requirements of new electric load, as determined by EUD. These projected costs shall include labor, materials, equipment and infrastructure to construct necessary transmission line and distribution substation facilities.

A "Transmission & Substation System Charge" shall be assessed to new developments and/or electric load outside City boundaries as such boundaries exist on August 1, 2006. The amount of this charge (\$163.84 per kVA of computed new electrical load) shall be documented in the Schedule of Charges attached to EUD's Rules and Regulations.

The amount of the Transmission & Substation System Charge shall be revised annually beginning January 1, 2008 based on the change in the U.S. Department of Labor's Bureau of Labor Statistics' Producer Price Index (PPI) for Electric Power Distribution between the PPI for the month of June of the prior two calendar years. If there is a change in this charge between the time of application for electric service and the actual payment of charges, the charge in effect at the time of payment shall apply.



CITY OF LODI
Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING

Date: September 20, 2006

Time: 7:00 p.m.

For information regarding this notice please contact:

Jennifer M. Perrin
Interim City Clerk
Telephone: (209) 333-6702

NOTICE OF PUBLIC HEARING


NOTICE IS HEREBY GIVEN that on **Wednesday, September 20, 2006** at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

a) implementation of a new Substation & Transmission System Charge to be assessed as a development impact fee upon future electric utility customers outside existing City boundaries and making corresponding amendments to the applicable Electric Utility Department Rules and Regulations (EUD)

Information regarding this item may be obtained in the Electric Utility Department, 1331 S. Ham Lane, Lodi, (209) 333-6762. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 W. Pine Street, 2nd Floor, Lodi, 95240 at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

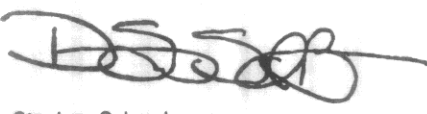
If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the close of the public hearing.

By Order of the Lodi City Council:


Jennifer M. Perrin
Interim City Clerk

Dated: September 6, 2006

Approved as to form:


D. Stephen Schwabauer
City Attorney



***Please immediately confirm receipt
of this fax by calling 333-6702***

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: implementation of a new Substation & Transmission System Charge to be assessed as a development impact fee upon future electric utility customers outside existing City boundaries and making corresponding amendments to the applicable Electric Utility Department Rules and Regulations (EUD)

LEGAL AD

PUBLISH DATE: Saturday September 9, 2006

TEAR SHEETS WANTED: Three (3) please

SEND AFFIDAVIT AND BILL TO: JENNIFER M. PERRIN, INTERIM CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: Thursday September 7, 2006

ORDERED BY: JENNIFER M. PERRIN
INTERIM CITY CLERK

JENNIFER M. PERRIN, CMC
INTERIM CITY CLERK

JACQUELINE L. TAYLOR, CMC
DEPUTY CITY CLERK


DANA R. CHAPMAN
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

LNS Faxed to the Sentinel at 369-1084 at 300pm (time) on 9/7/06 (date) 2 (pages)
DIANE Phoned to confirm receipt of all pages at 332 (time) JLT DRC JMP (initials)



DECLARATION OF POSTING

implementation of a new Substation & Transmission System Charge to be assessed as a development impact fee upon future electric utility customers outside existing City boundaries and making corresponding amendments to the applicable Electric Utility Department Rules and Regulations (EUD)

On Friday, September 8, 2006, in the City of Lodi, San Joaquin County, California, an implementation of a new Substation & Transmission System Charge to be assessed as a development impact fee upon future electric utility customers outside existing City boundaries and making corresponding amendments to the applicable Electric Utility Department Rules and Regulations (EUD), was posted at the following locations:

Lodi Public Library
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.


Executed on September 8, 2006, at Lodi, California.

ORDERED BY:

**JENNIFER M. PERRIN
INTERIM CITY CLERK**

JENNIFER M. PERRIN, CMC
INTERIM CITY CLERK

JACQUELINE L. TAYLOR, CMC
DEPUTY CITY CLERK


DANA R. CHAPMAN
ADMINISTRATIVE CLERK



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Public Hearing to introduce ordinance amending Chapter 13.20, "Electrical Service," by amending Section 13.20.225 Schedule NEM (Net Energy Metering) and adding Section 13.20.227 establishing Schedule CEM (Co-Energy Metering Rider), both applicable to qualified, customer-installed solar and wind electric generation to become effective on November 1, 2006 (EUD)

MEETING DATE: September 20, 2006

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council by ordinance amend Chapter 13.20, "Electrical Service," by amending section 13.20.225 Schedule NEM (Net Energy Metering) and adding Section 13.20.227 establishing Schedule CEM (Co-Energy Metering Rider), both applicable to qualified, customer-installed solar and wind electric generation. It is recommended these changes become effective November 1, 2006.

BACKGROUND INFORMATION: In June 2003, the City adopted the Net Energy Metering Schedule, NEM. The City of Lodi is required by State of California legislation, Assembly Bill 58 and Senate Bill 1, to offer customers who install qualified solar and wind generation, 10 kilowatts (KW) or less in size, a "net metering" rate. Net metering measures the difference between the electricity supplied by the City through the electric grid and the electricity generated by a customer-generator with credit being applied at the retail rate.

This same legislation allows for municipally owned utilities to establish a "co-metering" rate for those customer-generators that install units larger than 10 kW. Electricity consumed by the customer will be billed at the applicable retail rate while the electricity generated will be credited to the customer-generator in an amount equal to the generation component of the applicable rate schedule. The generation component of the applicable rate is proposed to be one-half (1/2) of the applicable net energy charges.

When the NEM rate schedule was adopted in 2003, the co-energy metering component was not included. Implementing a new co-metering schedule also requires making changes to the net metering schedule.

The key changes being proposed under this ordinance are summarized as follows:

- The existing Net Energy Metering Schedule (NEM) is being modified to (i) apply only to qualified customer generation of 10 KW or less, (ii) clarify that Customer Charges and Public Benefits costs are "non-bypassable" and (iii) limit the amount of annual generation purchased by EUD from a customer-generator to the amount of that customer's electrical usage during a year; and

APPROVED:

A handwritten signature in black ink, appearing to read "Blair King".

Blair King, City Manager

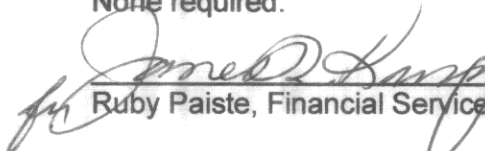
- Add a new Co-energy Metering Schedule (CEM) which applies to qualified customer generation sized greater than 10 KW. This schedule provides that the amount of the credit EUD provides for qualified electric generation under this schedule is equal to one-half (1/2) of the applicable net energy charges under the retail rate schedule applicable to that customer.

As noted earlier in this Council Communication, these changes are intended to make EUD's rate schedules for the purchase of qualified solar/wind energy from customers consistent with applicable state law and sound business practices.

The proposed NEM and CEM electric rate schedules are attached for consideration.

FISCAL IMPACT: The addition of a Co-Energy Metering Rider will reduce payments by the Electric Utility Department for solar and wind energy generated by large (greater than 10kW) customer-owned facilities to a level generally consistent with market power maximum alternatives.

FUNDING: None required.



Ruby Paiste, Financial Services Manager



George F. Morrow
Electric Utility Director

Prepared By: Sondra Huff, Sr. Rate Analyst

GFM/SH/ist

Attachments

C: City Attorney



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE NEM

NET ENERGY METERING RIDER

PURPOSE:

The purpose of this rider is to establish rates, terms and conditions for providing net metering service to residential and small commercial customers generating electricity using solar and wind facilities of 10 kW or less in size. This rider complies with California State legislation requiring every electric utility in the state, including municipally owned utilities, to develop a standard contract or tariff providing for residential and small commercial net energy metering, as defined below.

APPLICABILITY:

This schedule is applicable to service for customers where a part or all of the electrical requirements of the customer can be supplied from a solar or wind power production source owned and operated by the customer (customer-generator). Customer-generators must currently be served under Lodi's residential rate schedules, or small commercial (G1 and G2) rate schedules. Availability of this schedule to eligible customer-generators will be on a first-come, first-serve basis and will be available until such time the total rated generating capacity used by eligible customer-generators equals two and one-half percent (2.5%) of the City of Lodi aggregate customer annual peak demand.

The solar or wind generation source must: 1.) have a capacity of 10kW or less, 2.) be located on the customer-generator's premises, 3.) be connected for parallel operation with Lodi's distribution facilities, and 4.) be intended for the sole purpose of offsetting a part or all of the customer-generator's own electrical requirements. In no case shall the power or energy generated by the customer-owned solar or wind source be available for resale, except as specified under this rider.

Additional terms and conditions for service, including terms of interconnection and parallel operation, are specified in a customer-specific Photovoltaic (PV) Electrical Interconnection Agreement and Net Metering Payment Agreement.

RATES:

Charges for electricity supplied by the City will be based on metered usage in accordance with Special Condition (c) below. Rates charged under this schedule will be in accordance with the eligible customer-generator's otherwise applicable residential or small commercial (G1 and G2) rate schedules. Public Benefit charges and monthly customer charges shall not be by-passable.

CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE NEM

NET ENERGY METERING RIDER

SPECIAL CONDITIONS:

- (a) **Other Agreements:** A signed Photovoltaic (PV) Electrical Interconnection Agreement and Net Metering Payment Agreement between the customer-generator and the City is required for service under this schedule.
- (b) **Metering Equipment:** Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. If customer's existing electrical meter is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is capable of measuring electricity in both directions. If an additional meter or meters are desired by the City to monitor the electric generating system performance, the cost to install these meters will be the responsibility of the City.
- (c) **Net Energy Metering and Billing:** Net Energy is defined as measuring the difference between the electricity supplied by the City through the electric grid to the eligible customer-generator and electricity generated by an eligible customer-generator and fed back into the electric grid over a 12-month period.

In the event that the electricity supplied by the City during the 12-month period exceeds the electricity generated by the eligible customer-generator during the same period, the eligible customer is a net electricity consumer and the City shall bill the customer for the net consumption during the 12-month period based on the retail price per kilowatt-hour for eligible customer-generator's rate class over the same period.

The City shall provide the customer-generator with net electricity consumption information on each regular bill. That information shall include the current amount owed to the City for the net electricity consumed. Customer-generator may exercise the option to pay monthly for the net energy consumed, but in any event shall be responsible for any payments due at the end of each 12-month period.

CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE NEM

NET ENERGY METERING RIDER

- (d) **Excess Energy:** Net energy metering will be administered on an annualized basis, beginning with the month of interconnection of the customer's generating system with the City's electrical system. Electric generation production may result in a dollar credit carrying forward to the next billing period. If a credit accumulation results in a net customer-owned generation credit at the end of the annualized year, unused dollar credits will be set to zero and not be carried into the new annualized year.
- (e) **Rules and Regulations:** Other conditions as specified in the City of Lodi Electric Utility Department's Rules, Regulations and Engineering Standards shall apply to this electric rate schedule.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE CEM

CO-ENERGY METERING RIDER

PURPOSE:

The purpose of this rider is to establish rates, terms and conditions for providing co-energy metering service to customers generating electricity using solar and wind facilities greater than 10 kW and less than 1 MW in size. This rider complies with California State legislation allowing municipally owned utilities to develop a standard contract or tariff providing for residential and small commercial (G1 and G2) co-energy metering, as defined below.

APPLICABILITY:

This schedule is applicable to service for customers where a part or all of the electrical requirements of the customer can be supplied from a solar or wind power production source owned and operated by the customer (customer-generator). Customer-generators must currently be served under Lodi's residential and small commercial (G1 and G2) rate schedules. Availability of this schedule to eligible customer-generators will be on a first-come, first-serve basis and will be available until such time the total rated generating capacity used by eligible customer-generators equals two and one-half percent (2.5%) of the City of Lodi aggregate customer annual peak demand.

The solar or wind generation source must: 1) be rated greater than 10 kW and not more than 1 MW, 2) be located on the customer-generator's premises, 3) be connected for parallel operation with Lodi's distribution facilities, and 4) be intended for the sole purpose of offsetting a part or all of the customer-generator's own electrical requirements. In no case shall the power or energy generated by the customer-owned solar or wind source be available for resale, except as specified under this rider.

Additional terms and conditions for service, including terms of interconnection and parallel operation, are specified in a customer-specific Photovoltaic (PV) Electrical Interconnection Agreement and Net Metering Payment Agreement.

RATES:

Charges for electricity supplied by the City will be based on the co-metered usage in accordance with Special Conditions (c), (d) and (e) below. Rates charged under this schedule will be in accordance with the eligible customer-generator's otherwise applicable residential or small commercial (G1 and G2) rate schedule. Public Benefit charges and monthly customer charges shall not be by-passable.

CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE CEM

CO-ENERGY METERING RIDER

Energy Supplied Charges: The metered electricity supplied by the City to the customer-generator over the applicable billing period will be billed at the applicable service rate in effect when the service was rendered. All conditions, charges, adjustments and taxes under the applicable rate schedule shall be in effect.

Energy Transmitted Credit: The metered electricity generated by the customer-generator and supplied to the City over the applicable billing period will be credited at a rate equal to the generation component of the applicable rate schedule. The generation component shall be one-half (1/2) of the net Energy Charge (adjusted for Market Cost Adjustment, Voltage Discount and Community Benefits Incentive Discount, as applicable) of the customer-generator's applicable rate schedule.

SPECIAL CONDITIONS:

- (a) **Other Agreements:** A signed Photovoltaic (PV) Electrical Interconnection Agreement and Net Metering Payment Agreement between the customer-generator and the City is required for service under this schedule.
- (b) **Metering Equipment:** Co-energy metering shall be accomplished using two meters – the customer revenue meter of record and a separate generation meter. The customer-generator shall be responsible for all expenses involved in purchasing and installing required meters. If an additional meter or meters are desired by the City to monitor the electric generating system performance, the cost to install these meters will be the responsibility of the City.
- (c) **Co-Energy Metering:** Co-Energy metering is defined as the dual measurement of (i) the electricity supplied by the City through the electric grid to the eligible customer-generator and (ii) the electricity generated by an eligible customer-generator from the customer-owned solar or wind source.
- (d) **Co-Energy Billing:** The customer-generator shall receive a "net bill" from the City for each billing period. The co-energy metering net billing calculation shall be composed of the Energy Supplied Charges less the Energy Transmitted Credit.

All net charges are due at the time of billing. Electric generation production may result in a dollar credit carrying forward to the next billing period, subject to Special Condition (e) below.

CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE CEM

CO-ENERGY METERING RIDER

- (e) **Excess Energy:** Co-energy metering will be administered on an annualized basis, beginning with the month of interconnection of the customer's generating system with the City's electrical system. Electric generation production may result in a dollar credit carrying forward to the next billing period. If a credit accumulation results in a net customer-owned generation credit at the end of the annualized year, unused dollar credits will be set to zero and not be carried into the new annualized year.
- (f) **Rules and Regulations:** Other conditions as specified in the City of Lodi Electric Utility Department's Rules, Regulations and Engineering Standards shall apply to this electric rate schedule.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LODI AMENDING TITLE 13, CHAPTER 13.20, "ELECTRICAL SERVICE," BY REPEALING AND REENACTING SECTION 13.20.225 SCHEDULE NEM – NET ENERGY METERING RIDER; AND ADDING SECTION 13.20.227 SCHEDULE CEM – CO-ENERGY METERING RIDER

=====

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LODI AS FOLLOWS:

SECTION 1. Section 13.20.225 Schedule NEM – Net Energy Metering is hereby repealed and reenacted to read as follows:

PURPOSE:

The purpose of this rider is to establish rates, terms and conditions for providing net metering service to residential and small commercial customers generating electricity using solar and wind facilities of 10 kW or less in size. This rider complies with California State legislation requiring every electric utility in the state, including municipally owned utilities, to develop a standard contract or tariff providing for residential and small commercial net energy metering, as defined below.

APPLICABILITY:

This schedule is applicable to service for customers where a part or all of the electrical requirements of the customer can be supplied from a solar or wind power production source owned and operated by the customer (customer-generator). Customer-generators must currently be served under Lodi's residential rate schedules, or small commercial (G1 and G2) rate schedules. Availability of this schedule to eligible customer-generators will be on a first-come, first-serve basis and will be available until such time the total rated generating capacity used by eligible customer-generators equals two and one-half percent (2.5%) of the City of Lodi aggregate customer annual peak demand.

The solar or wind generation source must: 1.) have a capacity of 10kW or less, 2.) be located on the customer-generator's premises, 3.) be connected for parallel operation with Lodi's distribution facilities, and 4.) be intended for the sole purpose of offsetting a part or all of the customer-generator's own electrical requirements. In no case shall the power or energy generated by the customer-owned solar or wind source be available for resale, except as specified under this rider.

Additional terms and conditions for service, including terms of interconnection and parallel operation, are specified in a customer-specific Photovoltaic (PV) Electrical Interconnection Agreement and Net Metering Payment Agreement.

RATES:

Charges for electricity supplied by the City will be based on metered usage in accordance with Special Condition (c) below. Rates charged under this schedule will be in accordance with the eligible customer-generator's otherwise applicable residential or small commercial (G1 and G2) rate schedules. Public Benefit charges and monthly customer charges shall not be by-passable.

SPECIAL CONDITIONS:

- (a) **Other Agreements:** A signed Photovoltaic (PV) Electrical Interconnection Agreement and Net Metering Payment Agreement between the customer-generator and the City is required for service under this schedule.
- (b) **Metering Equipment:** Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. If customer's existing electrical meter is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is capable of measuring electricity in both directions. If an additional meter or meters are desired by the City to monitor the electric generating system performance, the cost to install these meters will be the responsibility of the City.
- (c) **Net Energy Metering and Billing:** Net Energy is defined as measuring the difference between the electricity supplied by the City through the electric grid to the eligible customer-generator and electricity generated by an eligible customer-generator and fed back into the electric grid over a 12-month period.

In the event that the electricity supplied by the City during the 12-month period exceeds the electricity generated by the eligible customer-generator during the same period, the eligible customer is a net electricity consumer and the City shall bill the customer for the net consumption during the 12-month period based on the retail price per kilowatt-hour for eligible customer-generator's rate class over the same period.

The City shall provide the customer-generator with net electricity consumption information on each regular bill. That information shall include the current amount owed to the City for the net electricity consumed. Customer-generator may exercise the option to pay monthly for the net energy consumed, but in any event shall be responsible for any payments due at the end of each 12-month period.

- (d) **Excess Energy:** Net energy metering will be administered on an annualized basis, beginning with the month of interconnection of the customer's generating system with the City's electrical system. Electric generation production may result in a dollar credit carrying forward to the next billing period. If a credit accumulation results in a net customer-owned generation credit at the end of the annualized year, unused dollar credits will be set to zero and not be carried into the new annualized year.
- (e) **Rules and Regulations:** Other conditions as specified in the City of Lodi Electric Utility Department's Rules, Regulations and Engineering Standards shall apply to this electric rate schedule.

SECTION 2. Section 13.20.227 – Schedule CEM - Co-Energy Metering Rider is hereby added to read as follows:

PURPOSE:

The purpose of this rider is to establish rates, terms and conditions for providing co-energy metering service to customers generating electricity using solar and wind facilities greater than 10 kW and less than 1 MW in size. This rider complies with California State legislation allowing municipally owned utilities to develop a standard contract or tariff providing for residential and small commercial (G1 and G2) co-energy metering, as defined below.

APPLICABILITY:

This schedule is applicable to service for customers where a part or all of the electrical requirements of the customer can be supplied from a solar or wind power production source owned and operated by the customer (customer-generator). Customer-generators must currently be served under Lodi's residential and small commercial (G1 and G2) rate schedules. Availability of this schedule to eligible customer-generators will be on a first-come, first-serve basis and will be available until such time the total rated generating capacity used by eligible customer-generators equals two and one-half percent (2.5%) of the City of Lodi aggregate customer annual peak demand.

The solar or wind generation source must: 1) be rated greater than 10 kW and not more than 1 MW, 2) be located on the customer-generator's premises, 3) be connected for parallel operation with Lodi's distribution facilities, and 4) be intended for the sole purpose of offsetting a part or all of the customer-generator's own electrical requirements. In no case shall the power or energy generated by the customer-owned solar or wind source be available for resale, except as specified under this rider.

Additional terms and conditions for service, including terms of interconnection and parallel operation, are specified in a customer-specific Photovoltaic (PV) Electrical Interconnection Agreement and Net Metering Payment Agreement.

RATES:

Charges for electricity supplied by the City will be based on the co-metered usage in accordance with Special Conditions (c), (d) and (e) below. Rates charged under this schedule will be in accordance with the eligible customer-generator's otherwise applicable residential or small commercial (G1 and G2) rate schedule. Public Benefit charges and monthly customer charges shall not be by-passable.

Energy Supplied Charges: The metered electricity supplied by the City to the customer-generator over the applicable billing period will be billed at the applicable service rate in effect when the service was rendered. All conditions, charges, adjustments and taxes under the applicable rate schedule shall be in effect.

Energy Transmitted Credit: The metered electricity generated by the customer-generator and supplied to the City over the applicable billing period will be credited at a rate equal to the generation component of the applicable rate schedule. The generation component shall be one-half (1/2) of the net Energy Charge (adjusted for Market Cost Adjustment, Voltage Discount and Community Benefits Incentive Discount, as applicable) of the customer-generator's applicable rate schedule.

SPECIAL CONDITIONS:

- (a) **Other Agreements:** A signed Photovoltaic (PV) Electrical Interconnection Agreement and Net Metering Payment Agreement between the customer-generator and the City is required for service under this schedule.
- (b) **Metering Equipment:** Co-energy metering shall be accomplished using two meters – the customer revenue meter of record and a separate generation meter. The customer-generator shall be responsible for all expenses involved in purchasing and installing required meters. If an additional meter or meters are desired by the City to monitor the electric generating system performance, the cost to install these meters will be the responsibility of the City.
- (c) **Co-Energy Metering:** Co-Energy metering is defined as the dual measurement of (i) the electricity supplied by the City through the electric grid to the eligible customer-generator and (ii) the electricity generated by an eligible customer-generator from the customer-owned solar or wind source.
- (d) **Co-Energy Billing:** The customer-generator shall receive a “net bill” from the City for each billing period. The co-energy metering net billing calculation shall be composed of the Energy Supplied Charges less the Energy Transmitted Credit.

All net charges are due at the time of billing. Electric generation production may result in a dollar credit carrying forward to the next billing period, subject to Special Condition (e) below.

- (e) **Excess Energy:** Co-energy metering will be administered on an annualized basis, beginning with the month of interconnection of the customer's generating system with the City's electrical system. Electric generation production may result in a dollar credit carrying forward to the next billing period. If a credit accumulation results in a net customer-owned generation credit at the end of the annualized year, unused dollar credits will be set to zero and not be carried into the new annualized year.
- (f) **Rules and Regulations:** Other conditions as specified in the City of Lodi Electric Utility Department's Rules, Regulations and Engineering Standards shall apply to this electric rate schedule.

SECTION 3. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 4. No Mandatory Duty of Care. This ordinance is not intended to and shall not be construed or given effect in a manner which imposes upon the City, or any officer or employee thereof, a mandatory duty of care towards persons or property within the City or outside of the City so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 5. Severability. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this ordinance are severable. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 6. This ordinance shall be published one time in the "Lodi News-Sentinel," a daily newspaper of general circulation printed and published in the City of Lodi, and shall take effect thirty days from and after its passage and approval.

Approved this _____ day of _____, 2006

SUSAN HITCHCOCK
Mayor

Attest:

JENNIFER M. PERRIN
Interim City Clerk

=====

State of California
County of San Joaquin, ss.


I, Jennifer M. Perrin, Interim City Clerk of the City of Lodi, do hereby certify that Ordinance No. _____ was introduced at a regular meeting of the City Council of the City of Lodi held September 20, 2006, and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held _____, 2006, by the following vote:

AYES: COUNCIL MEMBERS –
NOES: COUNCIL MEMBERS –
ABSENT: COUNCIL MEMBERS –
ABSTAIN: COUNCIL MEMBERS –

I further certify that Ordinance No. _____ was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

JENNIFER M. PERRIN
Interim City Clerk

Approved as to Form:


D. STEPHEN SCHWABAUER
City Attorney



CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING

Date: September 20, 2006

Time: 7:00 p.m.

For information regarding this notice please contact:

Jennifer M. Perrin
Interim City Clerk
Telephone: (209) 333-6702

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, September 20, 2006** at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

a) changes to the Net Energy Metering Rate – Schedule NEM and establish the new Co-Energy Metering Rider – Schedule CEM Ordinances

Information regarding this item may be obtained in the Electric Utility Department, 1331 S. Ham Lane, Lodi, (209) 333-6762. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 W. Pine Street, 2nd Floor, Lodi, 95240 at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the close of the public hearing.

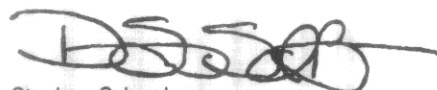
By Order of the Lodi City Council:



Jennifer M. Perrin
Interim City Clerk

Dated: September 6, 2006

Approved as to form:



D. Stephen Schwabauer
City Attorney



DECLARATION OF POSTING

changes to the Net Energy Metering Rate – Schedule NEM and establish the new Co-Energy Metering Rider – Schedule CEM Ordinances (EUD)

On Friday, September 8, 2006, in the City of Lodi, San Joaquin County, California, changes to the Net Energy Metering Rate – Schedule NEM and establish the new Co-Energy Metering Rider – Schedule CEM Ordinances (EUD), was posted at the following locations:

Lodi Public Library
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 8, 2006, at Lodi, California.

ORDERED BY:

**JENNIFER M. PERRIN
INTERIM CITY CLERK**

JENNIFER M. PERRIN, CMC
INTERIM CITY CLERK

JACQUELINE L. TAYLOR, CMC
DEPUTY CITY CLERK



DANA R. CHAPMAN
ADMINISTRATIVE CLERK



***Please immediately confirm receipt
of this fax by calling 333-6702***

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: changes to the Net Energy Metering Rate – Schedule NEM and
establish the new Co-Energy Metering Rider – Schedule CEM Ordinances (EUD)

LEGAL AD

PUBLISH DATE: Saturday September 9, 2006

TEAR SHEETS WANTED: Three (3) please

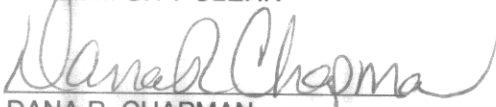
SEND AFFIDAVIT AND BILL TO: JENNIFER M. PERRIN, INTERIM CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: Thursday September 7, 2006

ORDERED BY: JENNIFER M. PERRIN
INTERIM CITY CLERK

JENNIFER M. PERRIN, CMC
INTERIM CITY CLERK

JACQUELINE L. TAYLOR, CMC
DEPUTY CITY CLERK


DANA R. CHAPMAN
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

LNS	Faxed to the Sentinel at 369-1084 at <u>3:09pm</u> (time) on <u>9/7/06</u> (date) <u>2</u> (pages)
	<u>DIANE</u> Phoned to confirm receipt of all pages at <u>3:30</u> (time) <u>JLT</u> <u>DRC</u> <u>JMP</u> (initials)



TM

CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Monthly Protocol Account Report

MEETING DATE: September 20, 2006

PREPARED BY: City Clerk

RECOMMENDED ACTION: None required, information only.

BACKGROUND INFORMATION: The City Council, at its meeting of July 19, 2000, adopted Resolution No. 2000-126 approving a policy relating to the City's "Protocol Account." As a part of this policy, it was directed that a monthly itemized report of the "Protocol Account" be provided to the City Council.

Attached please find the cumulative report through August 31, 2006.

FISCAL IMPACT: N/A

FUNDING AVAILABLE: See attached.

Jennifer M. Perrin
Interim City Clerk

JMP

Attachment

APPROVED: _____
Blair King, City Manager

PROTOCOL ACCOUNT SUMMARY
Cumulative Report
July 1, 2006 through August 31, 2007

Date	Vendor	Description	Amount	Balance
				Starting Bal. \$12,000.00
7/5/06	Albertsons	Centennial cake for Council meeting of 7/5/06	\$ 19.99	
7/21/06	Paper Direct	Small gift boxes for souvenirs (B&C reception 8/31/06)	69.83	
8/2/06	Hutchins St. Square	Facility Security Guard (B&C reception 8/31/06)	52.50	
8/2/06	Paper Direct	Custom paper for programs (B&C reception 8/31/06)	56.93	
8/2/06	Albertsons	Centennial cake for Council meeting of 8/2/06	19.99	
8/3/06	A Touch of Mesquite	30% deposit for catering (B&C reception 8/31/06)	462.15	
8/24/06	Oriental Trading Co.	Metallic confetti (6 bags) (B&C reception 8/31/06)	24.65	
8/31/06	Lakewood Drug	60 color balloons w/ribbon (B&C reception 8/31/06)	53.88	
8/31/06	Weigum Nursery	17 medium flower bowls (B&C reception 8/31/06)	155.34	
8/31/06	Lakewood Liquors	Local wines, ice, delivery (B&C reception 8/31/06)	506.06	
8/31/06	A Touch of Mesquite	70% balance for catering (B&C reception 8/31/06)	1,078.35	
8/31/06	Lowe's	3 large flower bowls (B&C reception 8/31/06)	31.60	
9/6/06	Albertsons	Centennial cake for Council meeting of 9/6/06	19.99	
			<i>Total Expenditures:</i> (\$2,551.26)	Ending Bal. \$9,448.74

Prepared by: JLT



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Status of Code Enforcement regarding Mobile Food Vendors

MEETING DATE: September 20, 2006

PREPARED BY: Community Improvement Manager

RECOMMENDED ACTION: That the City Council review and discuss the status of the current enforcement action pertaining to food vending vehicles.

BACKGROUND INFORMATION: On July 19, 2006, the Community Development Department presented information to the City Council pertaining to regulations that apply to food vendor operations in this community. That presentation included not only a review of existing code regulations, but also a reference to previously proposed regulations and upcoming changes in the Development Code that would address these issues, as well as the traffic, health and safety concerns that staff has had regarding the permanent operation of food vending vehicles from private property.

At the conclusion of that presentation, direction was given to initiate an enforcement action to address the permanent operation of food vending vehicles on private property, by using our existing code regulations. Staff clarified and confirmed that this was an outright ban on the food vending vehicles operation from private property.

The enforcement action, which was initiated on August 7, 2006, was broken into three phases. The phasing of the enforcement project was intended to make the overall task more manageable by breaking the fifteen or so known food vending vehicle locations throughout Lodi into three groups of five. The first group of five vendors, all of which happen to be located along the Cherokee Lane corridor, were issued Notices of Violation (NOV) on August 7th, and were required to abate their violations within one week, August 14th. The NOV listed the general zoning regulation that states that all business, with few exceptions, must be conducted from within an enclosed building. In addition, any other violations of land use, safety or nuisance regulations that were noted at the locations were listed as well.

As the vehicles would not be able to operate from private property any longer, a copy of the pertinent regulations that apply to their operation from the public right-of-way were attached for their reference and carry the following requirements:

- Ten minute limit at one location.
- No traffic hazard.
- Maintain certain distances from schools and controlled intersections.

Information was also provided regarding the allowance for a Special Permit to stay in one location for longer than ten minutes, which could be granted by the City Council.

APPROVED: _____
Blair King, City Manager

Upon completion of the three initial phases of the enforcement project, it has been our intent to follow up with compliance inspections and further enforcement action as necessary. However, after the issuance of those first five Notices, the Community Development Department received many inquiries from not only those five cited vendors, but several of the other vendors as well. In order to address their questions and concerns, the attached Memorandum explaining the enforcement action and their options for operating from the public right-of-way was issued in both English and Spanish and distributed to all food vending vehicle locations. In addition, the Community Improvement Manager met with several of the vendors and their legal representatives, representatives from the local Chamber of Commerce and the Chamber's Hispanic Business Committee, as well as a few of the customers of the food vendors to further explain the enforcement action that was underway. It was at that time also that this issue received substantial coverage through the local television news stations and newspapers.

At the conclusion of that meeting, the group of vendors let it be known that they would appear before the next Council meeting to ask that this issue be brought back for further consideration.

In our communication with the Chamber of Commerce's Hispanic Business Committee, they have made it clear that they support both the existence of the food vendors in this community and the City's concerns over certain sanitation, traffic and safety issues and hope that there is a way that a compromise can be reached to accommodate both sides of this issue.

FISCAL IMPACT: As with any code enforcement action, the initial enforcement activities would be funded through the General Fund. All follow up enforcement and abatement action would be funded through the cost recovery measures that have been established.

In accordance with the Operational Priorities that were adopted by Council in the Policy Statement for the Code Enforcement Program, committing code enforcement personnel for this enforcement project will divert them from responding to other lower priority complaints.

FUNDING AVAILABLE: This activity would be funded through the General Fund and the Special Revenue Fund established for the Community Development Department.

Ruby Paiste, Financial Services Manager

Joseph Wood
Community Improvement Manager

Concurred: Randy Hatch
Community Development Director

Attachments

cc:



MEMORANDUM, City of Lodi, Community Development Department

To: Food Vending Vehicle Operators
From: Joseph Wood, Community Improvement Manager
Date: August 8, 2006
Subject: Current Enforcement Action

Due to complaints that have been received, the City of Lodi Community Development Department is currently starting an enforcement action on all mobile food vendors that are operating on private property.

Debido a quejas que hemos recibido, el Departamento de Comunidad de la Ciudad de Lodi corrientemente comienzo actuar contra los vendedores móvil de comida que están operando sobre propiedad privada.

Existing land use regulations require that businesses be conducted from within an enclosed building. Food vending vehicles that operate from permanent locations on private property are in violation of that regulation.

El reglamento de uso de tierra requiere que negocios se haga dentro de un edificio cerrado. Vehículos que venden comida y operan de locaciones permanentes en propiedad privada están en violación de los reglamentos.

The Notice of Violations that are being issued list that as the primary violation that needs to be corrected. For those locations where electrical extension cords, tables and shade structures are being used, the Notices of Violation also list those as separate code violations.

El Aviso de Infracción se esta entregando como violación primaria y se necesita corregir. Para la localidad donde extensiones de electricidad, mesas y cubrimientos para sombra, los Avisos de Infracción también demuestra aparte los códigos de infracción.

The only allowable way to correct the violations listed is to stop operating from private property. The regulations that apply to operation from the public right-of-way (streets and sidewalks) have been attached to the Notices of Violation and are summarized below:

La única forma que se permite corregir las violaciones es de dejar de operar en propiedad privada. Las reglas que aplican para operar en público (calles y banquetas) esta junto con el Aviso de Infracción y esta resumido abajo:

10 Minute Limit - Limite de 10 minutos

You cannot stop in one location for longer than 10 minutes and must move at least 100 feet, to a new location each time.

No puede estacionarse en una localización por más de 10 minutos y tiene que moverse más de 100 pies, a una nueva localización cada vez.

Traffic Hazard - Trafico Peligroso

You cannot create a traffic hazard.

No puede causar tráfico peligroso.

Distances from Schools and Intersections - Distancias de Escuelas e Intersecciones

You cannot operate within 300 feet of a school or 100 feet from an intersection that is controlled by a stop light or four-way stop sign.

No puede operar dentro de 300 pies de una escuela o 100 pies de una intersección que esta controlada por un semáforo o un letrero de alto.

Special Permit - Permiso Especial

Vendors must obtain a special permit from the City Council to operate permanently (longer than 10 minutes) from any specific location on the street or sidewalk.

Vendedores tienen que obtener un permiso del concilio de la Cuidad para operar permanente (mas de 10 minutos) de cualquier localización especifica en la calle o banquetta.

While not the best option for addressing the nuisance issues that have been documented (hazardous wiring, unsanitary conditions, traffic hazards) this is the direction that we have been given. I would welcome a meeting with representatives from all the food vending vehicles in order to better communicate the issues that we are trying to address.

Sabemos que esta no es la mejor manera de tratar este asunto que fueron documentados (cables peligrosos, condiciones que no están sanitarias, trafico peligroso) esto fue las instrucciones que nos dieron. Con gusto podríamos tener una junta con representantes de los vendedores de comida móvil para mejor comunicar los asuntos que estamos tratando.

Please contact me if you have any questions. We do have Spanish-speaking staff available.

Por favor comunicase con migo si tiene cualquier pregunta. Tenemos empleados disponibles que hablan español.

Joseph Wood
Community Improvement Manager

A MEETING HAS BEEN ARRANGED FOR THURSDAY, AUGUST 17 @ 3:00 IN THE COUNCIL CHAMBERS AT CARNEGIE FORUM, 305 W. PINE STREET

UNA REUNIÓN SE HA ARREGLADO PARA EL JUEVES 17 DE AGOSTO @ 3:00 EN EL FORO de CARNEGIE, 305 W. PINE STREET



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution to approve Program Guidelines of the Revolving Loan Fund for the City of Lodi's Economic Development Jobs Program.

MEETING DATE: September 20, 2006

PREPARED BY: Community Improvement Manager

RECOMMENDED ACTION: Adopt Resolution approving the Program Guidelines for the Revolving Loan Program which is the key element of the Community Development Block Grant (CDBG) funded Economic Development Jobs Program.

BACKGROUND INFORMATION: In Council action on March 1, 2006, \$150,000 in CDBG funds were allocated to facilitate the start up of an Economic Development Jobs Program.

Prior to that, at the Shirtsleeve Meeting on February 28, 2006, a presentation was made by Community Development Department (CDD) staff and Carleen Bedwell, Managing Principal with Applied Development Economics, to introduce Council to the concept of the use of CDBG funds for economic development, specifically for the creation of jobs within the community. On July 18, 2006, a draft of the program guidelines, business loan application and the review of the various stages of the loan process was previewed to the Council in a Shirtsleeve Session.

Since that time, Ms. Bedwell has continued to work with CDD staff, with a representative of the County's Revolving Loan Fund Program and with our County CDBG Program Administrator to fine tune the details of the program's guidelines and processes. The culmination of that work is what we have for presentation at this time in the finalized program guidelines for review and approval. We are also providing sample documents from the Revolving Loan Program and letters of intent from both Farmers and Merchants Bank and the San Joaquin County Revolving Loan Program, whose participation will be outlined later in the communication.

What follows is an overview of the key elements of the Revolving Loan Fund (RLF) Program Guidelines.

Purpose and Source of Funding

The purpose of this program is to provide appropriate financial assistance to businesses located in or moving to Lodi, which in turn create full time jobs while increasing the overall economic base of the community. Funding for this program is provided through an allocation of CDBG funds, initially from the 2006-07 Program Year and proposed allocations of CDBG funds in future Program years, and from the repayment of principal and interest from existing loans. As a revolving loan program, any program income from the repayment of loans made from these initial CDBG allocations, is intended to be "recycled" or loaned again through the same program, much like our CDBG and HOME-funded Housing Assistance Programs have been operated.

APPROVED: _____
Blair King, City Manager

Guidelines and Features

There is no minimum or maximum RLF loan amount. Borrowers must, however create at least one full time equivalent job for each \$35,000, or fraction thereof, they receive in RLF assistance. In addition, the overall goal is to leverage at least three private dollars from equity and/or debt for every RLF dollar loaned. On a case-by-case basis with projects involving large job creation, this leverage requirement may be relaxed. Owner equity can be cash and/or land. Land will only be counted for construction projects.

Loan terms shall not exceed seven (7) years and the interest rate is set based on the business needs and financial gap of each loan. If the financial gap is the availability of capital, the interest rate shall be near market rates for the asset being financed. If the financial gap is the cost of capital (rate, term or collateral requirements), then the interest rate is set by evaluating the businesses financial condition to determine at what interest rate the proposed project and job creation become viable.

The fees for loan processing range from .5 percent (.5%) to three percent (3%) of the loan amount requested, depending upon the specifics of the loan. The applicant must pay for any special services required for the loan analysis, such as title search, special environmental studies, and appraisals.

There shall be no prepayment penalty and deferral of payments will be considered on a case-by-case basis.

Job creation is the primary benefit that this program brings to the community. To assist with the job creation to benefit Targeted Income Group persons, the business will be required to sign a First Source Hiring Agreement, which commits the borrower to use the services of WorkNet, the San Joaquin County job training program, as the first source from which to hire new employees. WorkNet is accustomed to assisting employers to find workers within its clientele, and has an office in Lodi. Referrals from WorkNet will have undergone the income verification process which documents their Targeted Income Group status.

In the event the business does not hire from WorkNet, the City's Program Operator will conduct the income verification of job applicants. At least 51% of the jobs created as a result of the loan funds must be filled by persons from the Targeted Income Group.

All loans are to be fully secured for 100% collateral coverage to maintain the RLF Program and no unsecured loans shall be made.

General Credit Requirements

The following general credit criteria will be applied by the RLF.

- Demonstrate the ability to operate the same type of business successfully for 3 years, or document the contracted expertise necessary to offset deficiencies in the principal's background or training.
- If circumstances warrant, agree to attend Small Business Development Center business plan, financial and marketing courses. Have enough financial strength and borrowing ability or equity to operate with the RLF assistance, on a sound financial basis.
- Show that the proposed assistance is reasonably secured to assure repayment.
- Show that the past earning record and future prospects of the business indicate ability to repay the loan and other fixed debt, if any, from the operation of the business.

Eligibility

Eligible applicants include on-going private, for profit business concerns, corporations, partnerships, and sole proprietorships that are classified as industrial, commercial or retail businesses, and that are located in or expanding to the City of Lodi.

Eligible costs within the RLF are as follows:

- Infrastructure and off-site improvements.
- Land costs, including engineering, legal, grading, testing, site mapping and related costs associated with the acquisition and preparation of land.
- Building construction costs, including real estate, engineering, architectural, legal and related costs associated with acquisition, construction and rehabilitation of buildings and tenant improvements. It is important to note that the use of loan funds in private construction triggers federal Labor Standards and requires the payment of Prevailing Wage. In addition, the use of loan funds for any of the eligible costs may trigger state Prevailing Wage.
- Purchase of inventory, furniture, fixtures, machinery and equipment.
- Impact/Mitigation fees.

Ineligible costs within the RLF are as follows:

- Projects which do not meet the purpose of the program are not eligible.
- Costs incurred prior to CDBG grant execution, or prior to submittal of the loan application, and prior to environmental review completion are ineligible, except for private expenditures specifically identified in the application.
- Projects, which are not located in the City of Lodi.
- Projects which involve the relocation of residents or businesses.
- Projects that propose the refinancing of existing debt are not eligible.
- Projects are not eligible if they create a conflict of interest pursuant to California Government Code Section 87100 et seq. for any current City elected official, appointed official, or employee.

The Revolving Loan Fund Program will be operated through a combination of public and private services. The City retains the option to modify these service providers, once the program has gotten underway and the City has experience with it. The City of Lodi will, through the City Manager's Office and the Community Development Department, maintain the following rights and duties in administration of the RLF Program:

- Oversight of the program
- Agreements for service with County Business RLF, and Farmers & Merchants Bank, and/or other future service providers.
- Selects local banking and business professionals that are recommended by the Mayor and Council to sit on the Loan Advisory Committee.
- Marketing and initial screening of potential applicants.
- Attends Loan Advisory Committee meeting for each loan presentation.
- Annual reporting to San Joaquin County CDBG program on status of business loans, jobs created, and use of CDBG funds.
- Approval or denial of individual loans recommended by Loan Advisory Board.
- Legal review of documents
- Execution of loan documents
- Release of funds.
- Collection process
- Liaison responsibility with County CDBG program and service providers.

Due to their extensive knowledge and experience in operating this type of program using federal funding, the San Joaquin County Revolving Loan Fund Office will act as the City's Program Operator and will have the following responsibilities for operating the RLF Program:

- Assist the business applicant with application process in the Second Phase of the application process.
- Conduct loan underwriting, using HUD underwriting guidelines.
- Prepare Credit Memo for Loan Advisory Committee (LAC) and present to LAC.
- Transmit the LAC action to the City Manager, with draft approval letter.
- Once loan has been made, provide loan servicing.
- Collect annual job and financial reporting from borrowers, and submit annual loan program activity report to City.
- Provide income verification process to certify Targeted Income Group benefiting from created jobs.

Farmers and Merchants Bank of Lodi has agreed to provide the following service in support of the RLF Program:

- Obtain software to be used for City loan program documents.
- Prepare loan documents for each loan.
- Conduct loan closing on each loan.

Review of RLF Process

What follows is an initial overview of the entire loan review process, followed by a brief summary of each step in the process.

- Loan Application Review/Approval Process
 - Qualitative Review by City Manager, Assistant City Manager & Community Development Director
- Program Operator Review Process
 - Collection of quantitative data, documents.
 - Credit analysis and loan underwriting process.
 - Compliance with adopted Program Guidelines and Federal Housing and Urban Development (HUD) Guidelines for underwriting.
 - Recommendation to Loan Advisory Committee.
- Loan Advisory Committee Review
 - Committee of 3-5 persons with banking and business background, recommended by the Mayor and City Council, and selected by City Manager.
 - Reviews Credit Memo from Program Operator.
 - Makes formal recommendation to City Manager including terms and conditions of the loan.
- City Manager Review and Approval
 - Final decision on approval or denial.
- Loan Documents and Closing
 - Approved loans are forwarded for preparation of loan documents.
 - Bank performs closing with oversight by City Staff.
- Loan Servicing
 - Monitoring for compliance with conditions and HUD Guidelines.
 - Verifying job creation compliance.
 - Payment processing, reporting and collection of delinquent accounts.

Loan Application Review/Approval Process

Based upon information provided by the potential applicant, a committee of City staff will review the project for loan application appropriateness and eligibility. The Committee will be composed of the City Manager, Deputy City Manager, and Community Development Director. No fee will be charged for this phase.

In the event the potential project has been determined to be an eligible project and appropriate for CDBG loan consideration, the applicant will complete a Lodi Revolving Loan Fund Application.

Program Operator Review Process

In the Second Phase of the loan application process, the City's Program Operator will act as the City's representative and primary contact as the loan applicant compiles all necessary loan application documents. The Program Operator will conduct the loan underwriting process, using HUD Underwriting Guidelines, which are attached to these Guidelines. City staff will provide oversight to the program and all aspects of it.

As a result of the loan underwriting process, a Credit Memo will be prepared with an analysis of the loan and the recommended action to be taken. If a loan is recommended for approval, the Credit Memo will contain the loan structure, including terms and conditions. The Credit Memo will be sent to the Loan Advisory Committee.

Loan Advisory Committee Review

A Loan Advisory Committee (LAC) shall be composed of 3-5 persons from a list of local banking and business professionals that have been recommended by the Mayor and City Councilmembers. The City Manager wishes to maintain a pool of approximately 8-10 candidates from which to draw upon to serve on the LAC on a case by case basis. In addition to providing the aforementioned loan documentation services, Farmers and Merchants Bank has also offered to provide a representative to serve on the LAC.

The LAC is responsible for reviewing loan applications as forwarded through the Credit Memo provided by the City's Program Operator, the County RLF Program. The recommendations of the Loan Advisory Committee are made in writing to the City Manager.

City Manager Review and Approval

The City Manager will make the final decision on approval or denial of all loan applications submitted, including terms and conditions of loan agreements.

Loan Documents and Closing

Once the loan is approved, final loan documents will be prepared by the Farmers & Merchants Bank. The bank, acting as the city's representative, will conduct the loan closing, with oversight by City staff.

Loan Servicing – Monitoring

The San Joaquin County RLF Program, as our Program Operator, will have the responsibility for loan servicing functions, including payment processing, reporting and collection of delinquent accounts. At this point, the County RLF Program has agreed to provide these services pro bono for the first loan, until the appropriate costs are determined.

The Program Guidelines include the following attachments:

Attachment A	Target Income Group Income Levels
Attachment B	Loan Underwriting Guidelines

The following program documents are provided as attachments to this Council Communication:

Exhibit A	Program Guidelines and Attachments A & B
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Exhibit B	Sample RLF Loan Application
Exhibit C	Sample Commitment Letter
Exhibit D	Sample Credit Memo
Exhibit E	Sample Loan Agreement and Covenants and Conditions
Exhibit F	Letter of Intent from San Joaquin County RLF Program Office
Exhibit G	Letter of Intent from Farmers & Merchants Bank

FUNDING: 2006/07 CDBG Allocation \$150,000

Respectfully Submitted:

Concurred:

Joseph Wood
Community Improvement Manager

Randy Hatch
Community Development Director

Attachments

CITY OF LODI REVOLVING BUSINESS LOAN FUND

PROGRAM GUIDELINES

PURPOSE

The City of Lodi Revolving Loan Fund (RLF) is designed to meet the capital needs of businesses located in or moving to the City of Lodi. An RLF, in this context, refers to a loan program in which loan repayments are “revolved” or “recycled” to be loaned again in the same program

The RLF will provide appropriate assistance to businesses, which in turn create full time jobs while increasing the overall economic base of the community.

- The RLF is designed to provide no more than one-quarter of a project’s total financing requirements.
- The RLF will only provide the funds necessary to bridge the financial gap that allows the project to move forward.
- The RLF is targeted to businesses that have the greatest potential for long-term job creation, primarily benefiting persons in the Targeted Income Group¹(TIG) – which is a national objective of the HUD CDBG program. In addition, priority will be given to projects with other local public benefits, such as contribution to the City’s tax base, and local investment.

SOURCE OF FUNDING

The source of the funding for the RLF is the Community Development Block Grant Program (CDBG) of the federal Department of Housing & Urban Development (HUD) through the County of San Joaquin, and the repayment of principal and interest from existing loans. Federal requirements are incorporated into the use of these funds.

GUIDELINES AND FEATURES

There is no minimum or maximum RLF loan amount. Borrowers must, however create at least one full time equivalent job for each \$35,000, or fraction thereof, they receive in RLF assistance.

The following guidelines have been adopted to clarify the program basis for making loan commitment decisions.

- **Leveraging:** The RLF Program’s overall goal is to leverage at least three private dollars from equity and/or debt for every RLF dollar loaned. On a case-by-case basis with projects involving large job creation, this leverage requirement may be relaxed. Owner equity can be cash and/or land. Land will only be counted for construction projects. Expenditures made by the loan applicant prior to the RLF loan award are not counted unless made as part of the submittal, and made within 60 days of the application

¹ A household whose annual income is less than 80% of the county median income as defined by the County of San Joaquin CDBG Program. The income amounts change annually. See Attachment A for 2006 income levels.

submittal to the RLF, and are related to and in anticipation of RLF funding. If the equity requirement is relaxed for a project, additional collateral will be required.

- **Loan Terms:** Not to exceed seven (7) years depending on the asset being financed, the financial gap, and the demonstrated need for the RLF funds. This is subject to participating lender criteria and the quality of collateral. A call provision prior to the loan maturity date may be incorporated.
- **Interest Rate:** The interest rate is set based on the business needs and financial gap of each loan. If the financial gap is the availability of capital, the interest rate shall be near market rates for the asset being financed. If the financial gap is the cost of capital (rate, term or collateral requirements), then the interest rate is set by evaluating the businesses financial condition to determine at what interest rate the proposed project and job creation become viable.
- **Loan Fees:** There is no fee charged for the Phase 1 of the loan application process, the Initial Phase. The fees for loan processing in the Second Phase range from .5 percent (.5%) to three percent (3%) of the loan amount requested, depending upon the specifics of the loan. The applicant must pay for any special services required for the loan analysis, such as title search special environmental studies, and appraisals.
- **Prepayment Penalty:** None
- **Deferral Payments:** On a case-by-case basis, payments may be deferred if warranted by the financial needs of the business.
- **Job Creation:** At least one full time equivalent job (1,750 hours annually) per \$35,000 provided (or fraction thereof) must be achieved for each business assisted. Two permanent part-time jobs (at least 875 hours annually) can be aggregated to count as one full time equivalent job in the same project. At least 51% of all jobs created/retained shall be held by Targeted Income Group (TIG) persons. See Attachment “A” for Current Income Limits of Targeted Income Group.
- **Collateral Requirements:** All RLF loans are to be fully secured for 100% collateral coverage to maintain the RLF Program. No unsecured loans shall be made. Types of collateral may include one or more of the following:
 - Real Estate – liens on real property supported by appraisals establishing sufficient equity generally utilizing a 100% loan to value ratio.
 - Deeds of Trust.
 - Liens on RLF financed machinery, equipment, or other fixtures, generally a 95% loan to value ratio.
 - Assignment of Rents, as appropriate.
 - Personal and/or Corporate Guarantees, as appropriate.
 - Cosigners and other collateral such as insurance on principals.
 - Other collateral, as appropriate.

GENERAL ADMINISTRATIVE FEATURES

- NEPA Environmental Review of business project.
- Equal Opportunity/Affirmative Action Policy.
- Attorney review of all contracts and legal forms.
- Monitoring and reporting forms.
- Collection and foreclosure policy.
- Compliance with HUD program regulations.

- Federal and State Labor Standards where applicable.

GENERAL CREDIT REQUIREMENTS

The following general credit criteria will be applied by the RLF. These requirements must be satisfied in conjunction with the provisions of RLF assistance so that the assistance is not allowed to compensate for deficiencies in these criteria. An Applicant must:

- Demonstrate the ability to operate the same type of business successfully for 3 years, or document the contracted expertise necessary to offset deficiencies in the principal's background or training.
- If circumstances warrant, agree to attend Small Business Development Center business plan, financial and marketing courses. Have enough financial strength and borrowing ability or equity to operate with the RLF assistance, on a sound financial basis.
- Show that the proposed assistance is reasonably secured to assure repayment.
- Show that the past earning record and future prospects of the business indicate ability to repay the loan and other fixed debt, if any, from the operation of the business.

ELIGIBLE APPLICANTS

Eligible applicants include on-going private, for profit business concerns, corporations, partnerships, and sole proprietorships that are classified as industrial, commercial or retail businesses, and that are located in or expanding to the City of Lodi. The project to be financed with the RLF Program must be within the incorporated area of the City of Lodi.

ELIGIBLE COSTS

- Infrastructure and off-site improvements.
- Land costs, including engineering, legal, grading, testing, site mapping and related costs associated with the acquisition and preparation of land.
- Building construction costs, including real estate, engineering, architectural, legal and related costs associated with acquisition, construction and rehabilitation of buildings and tenant improvements. (See note below regarding Labor Standards and Prevailing Wage.)
- Purchase of inventory, furniture, fixtures, machinery and equipment.
- Impact/Mitigation fees.

Special Note

The use of loan funds in private construction triggers federal Labor Standards and requires the payment of Prevailing Wage. In addition, the use of loan funds for any of the eligible costs may trigger state Prevailing Wage. This is determined on a case by case basis, and should be discussed with loan staff as early in the process as possible.

INELIGIBLE USES

- Projects which do not meet the purpose of the program are not eligible.
- Costs incurred prior to CDBG grant execution, or prior to submittal of the loan application, and prior to environmental review completion are ineligible, except for private expenditures specifically identified in the application.
- Projects, which are not located in the City of Lodi.
- Projects which involve the relocation of residents or businesses.

- Projects that propose the refinancing of existing debt are not eligible.
- Projects are not eligible if they create a conflict of interest pursuant to California Government Code Section 87100 et seq. for any current City elected official, appointed official, or employee.

OPERATION OF THE PROGRAM

The City of Lodi Business Revolving Loan Program will be operated through a combination of public and private services. The City retains the option to modify these service providers, once the program has gotten underway and the City has experience with it.

City of Lodi

- Oversight of the program
- Agreements for service with County Business RLF, and Farmers & Merchants Bank, and/or other future service providers.
- Appoints the Loan Advisory Committee.
- Marketing and initial screening of potential applicants.
- Attends Loan Advisory Committee meeting for each loan presentation.
- Annual reporting to San Joaquin County CDBG program on status of business loans, jobs created, and use of CDBG funds.
- Approval or denial of individual loans recommended by Loan Advisory Board.
- Legal review of documents
- Execution of loan documents
- Release of funds.
- Collection process
- Liaison responsibility with County CDBG program and service providers.

City's Program Operator, San Joaquin County Revolving Loan Fund

- Assist the business applicant with application process in the Second Phase of the application process.
- Conduct loan underwriting, using HUD underwriting guidelines.
- Prepare Credit Memo for Loan Advisory Committee (LAC) and present to LAC.
- Transmit the LAC action to the City Manager, with draft approval letter.
- Once loan has been made, provide loan servicing.
- Collect annual job and financial reporting from borrowers, and submit annual loan program activity report to City.
- Provide income verification process to certify Targeted Income Group benefiting from created jobs.

Farmers & Merchants Bank

- Obtain software to be used for City loan program documents.
- Prepare loan documents for each loan.
- Conduct loan closing on each loan.

LOAN APPLICATION

Initial Phase

Based upon information provided by the potential applicant, a committee of City staff will review the project for loan application appropriateness and eligibility. The Committee will be composed of the City Manager, Deputy City Manager, and Community Development Director. No fee will be charged for this phase.

Information to be provided by the potential applicant includes:

- Description of the business and project,
- Amount of loan funds requested,
- Number of jobs to be created and potential for TIG benefit
- Other public benefits
- Intended use of the funds
- Project timing and job creation timing
- Leverage and status of funding
- Environmental considerations
- Principals of the business and business plan.

Second Phase

In the event the potential project has been determined to be an eligible project and appropriate for CDBG loan consideration, the applicant will complete a Lodi Revolving Loan Fund Application.

In the Second Phase of the loan application process, the County Business Loan Program will act as the City's representative and primary contact as the loan applicant compiles all necessary loan application documents. The County Business Loan Program will conduct the loan underwriting process, using HUD Underwriting Guidelines, which are attached to these Guidelines. City staff will provide oversight to the program and all aspects of it.

As a result of the loan underwriting process, a Credit Memo will be prepared with an analysis of the loan and the recommended action to be taken. If a loan is recommended for approval, the Credit Memo will contain the loan structure, including terms and conditions. The Credit Memo will be sent to the Loan Advisory Committee.

LOAN REVIEW

The Loan Advisory Committee (LAC) is responsible for reviewing loan applications as forwarded through the Credit Memo provided by the City's Program Operator, the County RLF Program. The recommendations of the Loan Advisory Committee are made in writing to the City Manager. The City Manager will make the final decision on approval or denial of all loan applications submitted, including terms and conditions of loan agreements. All projects moving forward from the Initial Screening Phase and completed Loan Applications will be brought before the LAC.

The Loan Advisory Committee shall be composed of 3-5 persons and appointed by the City Manager. The appointments will be persons with business and/or banking experience.

On average, the RLF review process takes six to eight weeks from submittal of a complete loan application through Loan Advisory Committee review. Every effort will be made to facilitate the process to coincide with the other funding sources and the project's requirements.

LOAN CLOSING

Once the loan is approved, final loan documents will be prepared by the Farmers & Merchants Bank. The bank, acting as the city's representative, will conduct the loan closing, with oversight by City staff.

LINKING JOBS WITH TARGETED INCOME GROUP PERSONS

To assist with the job creation to benefit Targeted Income Group persons, the business will be required to sign a First Source Hiring Agreement, which commits the borrower to use the services of WorkNet, the San Joaquin County job training program, as the first source from which to hire new employees. WorkNet is accustomed to assisting employers to find workers within its clientele, and has an office in Lodi. Referrals from WorkNet will have undergone the income verification process which documents their Targeted Income Group status.

In the event the business does not hire from Worknet, the City's Program Operator, the County Business RLF, will conduct the income verification of job applicants. At least 51% of the jobs created as a result of the loan funds must be filled by persons from the Targeted Income Group.

IF JOBS NOT CREATED

In the event the business does not create the jobs as specified in the Loan Agreement and related documents, the City will declare the loan in default and require full repayment.

HOW TO GET STARTED

Please take time to read and understand the information outlined above. If you are interested in learning more about the program, please contact:

Joseph Wood
Community Improvement Manager
City of Lodi
221 West Pine Street, P. O. Box 3006
Lodi, California 95241-1910
Phone: (209) 333-6823
jwood@lodi.gov

ATTACHMENT A
CURRENT TARGET INCOME GROUP INCOME LEVELS

Percent of Median Income				
Family Size	Very-Low			Low
	0-30%	31-50%	51-60%	61-80%
1	11,986	19,977	23,972	31,963
2	13,709	22,848	27,417	36,556
3	15,431	25,719	30,862	41,150
4	17,130	28,550	34,260	45,680
5	18,499	30,831	36,997	49,330
6	19,890	33,151	39,781	53,041
7	21,259	35,432	42,518	56,691
8	22,628	37,713	45,256	60,341
9	23,965	39,941	47,930	63,906
10	25,352	42,254	50,705	67,606
11	26,723	44,538	53,446	71,261
12	28,093	46,822	56,186	74,915
13	29,464	49,106	58,927	78,570

Note: These figures change annually, and are provided by the San Joaquin County CDBG Program.

ATTACHMENT B

LOAN UNDERWRITING GUIDELINES

The loan underwriting policies of the City of Lodi RLF are designed to assist businesses that could not proceed without the RLF assistance and to ensure that the RLF assistance is “appropriate” as defined by HUD.

HUD UNDERWRITING GUIDELINES

The City of Lodi has adopted the HUD underwriting guidelines to determine whether a proposed RLF subsidy is *appropriate* to assist the business expansion or retention. In addition, the project will be reviewed to determine that a minimum level of *public benefit* will be obtained from the expenditure of the CDBG funds.

The objectives of the underwriting guidelines are to ensure that:

Project costs are reasonable.

All sources of project financing are committed.

RLF funds are not substituted for non-Federal financial support.

The project is financially feasible.

The return on the owner’s equity investment will not be unreasonably high.

RLF funds are disbursed on a pro rata basis with other financing provided to the project.

Sufficient public benefit will be received from the expenditure of RLF funds.

Project Costs: All project costs will be reviewed for reasonableness, and to avoid providing either too much or too little RLF assistance. The amount of time and resources expended evaluating the reasonableness of a cost element shall be commensurate with its costs. In some instances, it will be necessary to obtain third-party fair-market price quotations or a cost estimate. Particular attention will be focused on documenting the cost elements in a non-arm’s length transaction.

Commitment of All Sources of Project Financing: Prior to the commitment of RLF funds to the project, a review shall be conducted to determine if sufficient sources of funds have been identified and committed to the project, the Borrower and participating lenders have the financial capacity to provide the funds, and to ascertain if the project is viable and will move ahead in a timely manner. In certain circumstances, the RLF may commit its funds in advance of final commitments from other funding sources. However, to conduct the underwriting analysis, the approximate terms and conditions of the other funding sources should be known. Final commitments from the other funding sources will be required, with substantially similar terms and conditions as used in the underlying analysis, prior to any loan closing or disbursement of funds.

Avoid Substitution of RLF Funds for Non-RLF Financial Support: The project will be reviewed to ensure that, to the extent practicable, RLF funds will not be used to substantially reduce the amount of non-RLF financial support for the project.

In order to receive RLF funds, a project must have a “financial gap.” This gap must be documented. There are three types of financial gaps, two are discussed below, and the third is discussed under the criterion “Return on Equity Investment.” One project may have two different gaps. The types of gaps are as follows:

Unavailability of Capital: The project can afford the cost of financing, but is unable to obtain the funds from either debt and/or equity sources. In regard to debt, the gap may be a result of a lender’s loan to value requirements or the inherent risk of the industry or project. For example, the lender will only loan 70% of the project’s cost. In this case, the business may not have the cash to bridge the gap, or if the business bridges the gap, its cash flow may be so restricted as to jeopardize the business. In order to document this gap, several steps need to be undertaken. The lender needs to be contacted to determine if there is any ability to increase the size of their loan. Other lending sources, both public and private, need to be explored. This includes looking at the business owner(s) personal financial statements for potential funds, including home equity loans. Finally, in addition to looking at the business and personal financial statements and tax returns, a proforma cash flow analysis needs to be prepared and analyzed, with and without RLF funds, to demonstrate the gap. The terms and conditions of a loan under this gap analysis should be comparable to the market.

Cost of Capital: The project cannot support the interest rate, loan term and/or collateral requirements of a lender. In analyzing this gap, discussions with the lender are important to determine any flexibility in terms. A single project may not be able to support the rate, terms and collateral requirements, or may just face a single hurdle. In addition, the gap may only exist in the early years of the project. To determine the gap, business and personal financial statements and tax returns shall be analyzed. Sources of equity shall be explored. Public and private funding sources that would bridge the gap shall be evaluated. Proforma cash flow analysis shall be developed with and without the RLF funds to demonstrate the gap. Depending on the gap, the terms or rate shall be adjusted to a rate that allows the project to proceed but are not too generous. Terms can be adjusted to allow for deferrals of principal and or interest, or to allow loans to be amortized over a longer period. Interest rates can be adjusted, including increases in the rate over time as cash flow allows.

Financial Feasibility of the Project: Each project will be examined to determine the financial viability of the project, and thus the reasonable assurance that the public benefit will be realized. The current and past financial statements for both the business and individuals must be analyzed, along with tax returns and projections. The assumptions behind the projections must be critically analyzed. Income and expense costs shall be evaluated and compared historically, where applicable, and compared to industry averages (using guides such as Robert Morris Annual Financial Statements). Project costs, including both hard and soft costs, must be determined to be reasonable. Accurate project costs are vital to determining project feasibility. As part of the financial analysis, the past, current, and projected financial data shall be analyzed to determine if the job estimates are reasonable and supportable. Labor costs shall be gauged at the break-even

point. In addition, labor costs shall be checked against industry averages. Any variations shall be explained in the loan analysis.

The terms and conditions of the RLF loan must be “appropriate.” In general, the interest rate shall be set at a rate where available cash flow is able to meet debt obligations, after other obligations are met, with enough cash flow remaining to operate successfully. The loan term typically is based on the asset being financed. The term should not exceed the economic life of the asset being financed. However a longer loan amortization schedule, with the loan due at the end of the economic life may be justifiable.

Each loan shall include a written explanation of the “appropriate” analysis that was undertaken, and the reason the terms and conditions of the loan were approved. Each loan decision shall also contain a certification statement by the City Manager that the loan has been reviewed according to all underwriting guidelines and regulations and that the loan is appropriate by state/federal definition.

Financial Analysis: Historical and projected financial statements will be subject to financial analysis to determine the gap, and structure the terms and conditions of the RLF loan, as discussed above, but also to determine that the project is feasible. In addition, using prudent underwriting guidelines, demonstrate that the proposed loan is of sound value and that past earnings and future prospects indicate an ability to meet debt obligations out of profit.

Information required to be submitted by the applicant will depend on the project, ownership structure and whether it is an ongoing or start-up business. In general, the information required is outlined in the RLF checklist that will be provided.

The financial analysis will be designed to evaluate the business. The analysis will include a spread of the current and past financial statements to determine trends. The proforma statements will then be compared to these statements. Key financial ratios will be analyzed. The statements and key ratios will be compared to industry averages. Key ratios that will be analyzed include:

Current Ratio: current assets/current liabilities. The ratio is a rough indication of a firm’s ability to service its current obligations. A ratio of 2:1 will be considered secure.

Quick Ratio: cash and equivalents plus accounts & notes receivable/current liabilities. This ratio is a refinement of the current ratio. A ratio of 1:1 will be used to demonstrate ample liquidity.

Cash Flow Coverage: net profit and depreciation and depletion-amortization expenses/current portion of long-term debt. This ratio will be used to measure the ability to service long term debt. This ratio is a measure of a firm’s ability to meet interest payments. A cash flow coverage of 1.25 times debt service shall be used as a guideline.

Debt to Worth: total liabilities/tangible net worth. This ratio is the relationship between debt and a businesses net worth. A lower ratio is an indication of greater long-term financial safety and greater flexibility to borrow. In general, a debt to worth ratio of

higher than 5:1 shall not be exceeded as an underwriting policy. There are exceptions when the industry average is high due to its capital intensive nature or when projections show the ratio lowering quickly.

Collateral Coverage: The value of collateral is compared to the amount of the loan. Typical underwriting guidelines suggest that 125% of loan balance be used. This ratio is highly dependent on the quality and security of the collateral. The Lodi RLF shall use 100% as a guideline, which shall only be lowered with specific and detailed analysis and explanation.

Break-even Analysis: The analysis of the project's ability to support the projected labor costs and additional debt service at its break-even point (BEP) will be analyzed to determine what proportion of the jobs can be supported at that BEP. This will serve as a worst case look at the business prospects for success, ability to service new debt, and meet job creation/retention obligations.

The financial and ratio analyses must be supported by the business plan. The business plan must provide a clear understanding of the project, competition, market strategy, sales estimates, management capacity and other factors.

Lastly, to ensure project feasibility, an evaluation will be conducted of the experience and capacity of the business principals to manage the business and achieve the projections.

Return on Equity Investment: The return on equity investment is the amount of cash that the investor/business owner is projected to receive in relation to their initial equity. For a sole proprietor, this equates to salary plus net income. The RLF should not provide more than a reasonable return on investment to the business owner. This will help ensure that the RLF will maximize the use of RLF funds and not unduly enrich the business owner(s)/investor(s). However care shall be taken to ensure that the rate of return will not be too low so that the business owner's motivation remains high to pursue the business with vigor.

If the project's financial returns are projected to be too low to motivate the business and/or investor to proceed with the project, the risks of the project may outweigh the returns. An inadequate rate of return adjusted for industry and locational risks, is a third method used to determine the gap appropriate to be funded with RLF funds. To analyze this gap, the projected return on investment must be compared to the return on investment on similar projects. If it is shown that a gap does exist then the RLF financing rate and terms must be set at a rate which provides a return equal to the "market rate." Real estate appraisers and lenders will be used as sources of information on "market rate" returns.

Disbursement of RLF Funds on a Pro Rata Basis: To the extent practicable, RLF funds should be disbursed on a pro rata basis with other funding sources to avoid placing RLF funds at a greater risk than other funding sources. When it is determined that it is not practicable to disburse RLF funds on a pro rata basis, other steps shall be taken to safeguard RLF funds in the event of a default.

Standards for Evaluating Public Benefit: Each project will be reviewed to determine if a minimum level of public benefit will be obtained from the expenditure of RLF funds. The minimum standards are:

- Project site within the incorporated boundaries of the City of Lodi.
 - The project must lead to the creation or retention of at least one full-time equivalent job per \$35,000 or fraction thereof of RLF funds borrowed.
 - The timing of job creation must be reasonable in relation to the receipt of RLF assistance.
-
-

CITY OF LODI REVOLVING LOAN FUND (RLF)**LOAN APPLICATION****I. COMPANY INFORMATION**

Name: _____

Address: _____

Telephone Number: _____

Contact Person: _____

Project Address: _____

Project Assessor Parcel Number(s): _____

Current yearly property taxes: _____

Business legal structure: _____ Proprietorship

_____ Partnership

_____ Corporation

Years in business: _____

Current number of employees: Full time: _____

Part time: _____

Projected number of employees after completion of project:

Full time: _____

Part time: _____

Number of employees to be hired during year one: _____

Number of employees to be hired during year two: _____

Total number of new employees: _____

Total number of employees two years from completion of project: _____

111. PRINCIPAL(S) INFORMATION

Name: _____

Position: _____

% of ownership: _____

Years of experience: _____

Name: _____

Position: _____

% of ownership: _____

Years of experience: _____

III. EXISTING FACILITY

Size: _____ square feet

Owned or leased: _____

If owned:

Purchase price \$ _____

Existing mortgage \$ _____

Recent appraised value \$ _____

Annual mortgage payments \$ _____

If rented:

Monthly rent \$ _____

Annual rent \$ _____

Expiration date of lease _____

IV. NEW/EXPANDED INFORMATION (IF APPLICABLE)

Size after expansion: _____ square feet

Will new facility replace existing facility? _____

If replaced, will rent be saved or will existing facility be sold? _____

For how much can existing facility be sold? \$ _____

Purchase price of new facility \$ _____

Appraised value \$ _____

Lease rate of new facility \$ _____

Lease term _____

Will purchaser/lessee occupy entire space? _____

If no, explain other uses: _____

% to be occupied by purchaser: _____

Rental income generated: \$ _____

V. PRINCIPAL BANK INFORMATION

Name of bank: _____

Contact person: _____

Telephone number: _____

Available line of credit: _____

VI. PROJECT COSTS

New construction	\$ _____
Rehabilitation	\$ _____
Off site improvements	\$ _____
Acquisition	\$ _____
Equipment	\$ _____
Working capital	\$ _____
Other	\$ _____
TOTAL	\$ _____

VII. PROJECT FUNDING

RLF	\$ _____
Bank	\$ _____
Company	\$ _____
Other	\$ _____
TOTAL	\$ _____

VIII. PROJECT DESCRIPTION (NARRATIVE)

IX. ADDITIONAL INFORMATION

X. INFORMATION REQUESTED FOR LOAN UNDERWRITING

- _____ Business income statements (current and last three years)
- _____ Business balance sheets (current and last three years)
- _____ Business income tax returns (last three years)
- _____ Personal income statements and balance sheets for business owners (current and last three years)
- _____ Individual tax returns for business owners (last three years)
- _____ Company history and resumes of principals
- _____ Copy of articles of incorporation, by-laws, corporation certificate of good standing, fictitious name statement, partnership agreement, or franchise agreement, as applicable.
- _____ Pro forma cash flow statement
- _____ Pro forma balance sheet
- _____ Business plan
- _____ Preliminary title report on property to be used as collateral
- _____ Appraisal of property to be used as collateral
- _____ Schedule of business debt and summary of lease payments on equipment and building
- _____ Sources and uses of funds (e.g., equipment list, project cost estimates)
- _____ Bank letter of commitment, as applicable
- _____ Copy of purchase agreement or lease agreement, as applicable

I/we hereby acknowledge that the City of Lodi does not and cannot guarantee that I/we will receive financing from the RLF or from public or private lenders. In addition, RLF financing will not be provided without adequate documentation regarding funding of the balance of project costs. By my/our signature below, I/we grant permission to conduct necessary reviews of my/our financial and credit histories. I/we understand job creation is a requirement of the loan.

APPLICANT SIGNATURE: _____
PRINTED NAME: _____ DATE: _____

APPLICANT SIGNATURE: _____
PRINTED NAME: _____ DATE: _____

CITY OF LODI REVOLVING LOAN FUND (RLF)

NEPA REVIEW REQUEST FORM

Application Date: _____

Company Name: _____

Project Address: _____

Contact Person: _____

Telephone Number: _____

Concise description of proposed project:

Approximately date application to be presented to Loan Committee: _____

Date NEPA request forwarded to Planning: _____

Planner assigned: _____

Date completed by Planner: _____

XXXXXXXXXXXX XX, 2006

XXXXXXX
XXXXXXX
XXXXXXX
XXXXXXX

Re: Application for Lodi Revolving Loan Fund Financing

Dear XXXXXXX:

I am pleased to inform you that the City of Lodi approves Lodi Revolving Loan Fund (RLF) financing for your business.

You should understand that this approval does not constitute a commitment to lend by the RLF, but that it is a required, as well as an important step in processing your funding request. This letter will summarize the general scope of the proposed loan and is intended for discussion purposes only as an aid in the preparation of final documentation.

This does not constitute a commitment by the RLF to loan and is not a complete statement of all terms, conditions and documents that may be required in connection with this proposed loan.

No lending commitment will exist until final loan documents have been prepared and approved by the City Attorney and executed by all required parties. The loan transaction will then be governed by that final Loan Agreement which will supersede any and all negotiations and discussions of the parties.

TERM SHEET

1. Principal Loan Amount: \$
2. Interest Rate:
3. Loan Term: .
4. Payment:
5. Use of Loan Proceeds:
6. Collateral [Mark as Appropriate]:
 - ☐ a. Machinery & Equipment
 - ☐ b. Inventory
 - ☐ c. Accounts Receivable
 - ☐ d. Residential Real Estate

7. Fees/Costs:

8. Miscellaneous:

A list of covenants and conditions to RLF loans is also attached for your review. This is not intended to be a complete or exhaustive list and is likely to be modified in the final loan documentation.

Please review this letter carefully and, if you desire to proceed with the loan process, sign and return the original and keep a copy for your information. Although this letter does not constitute an agreement to fund you loan, IT DOES REPRESENT YOUR AGREEMENT TO REIMBURSE THE RLF FOR THE COSTS AND LEGAL EXPENSES WHICH IT WILL INCUR IN CONTINUING TO PROCESS THE LOAN. Those costs and legal expenses are estimated on the attached sheet, but you will be required to pay the actual amount of costs and expenses incurred, without reference to the estimates. RLF staff will make its best efforts to notify you if it believes the costs and legal expenses will be in excess of the estimates (but the Borrower releases RLF from any liability for failure to so notify).

If this loan transaction has not closed and/or funded within one hundred twenty (120) days of this letter, the City may deem your loan application withdrawn. We will provide you with a billing for all expenses incurred to that date, which will be immediately due and payable.

If you have not signed and returned this letter to the RLF by xxxxxxxxxxxxxx, the City may deem your application withdrawn.

Should you have any questions regarding this matter, please do not hesitate to contact the RLF office at (209) xxx-xxxxx.

Sincerely,

Blair King
City Manager

Attachments

I have received a copy of this letter, acknowledge its contents and agree to pay the costs and legal fees and expenses referred to herein. I have read, understand and accept all conditions and requirements of this letter.

By: _____

Date: _____

By: _____

Date: _____

**EXHIBIT C
COMMITMENT LETTER**

SCHEDULE OF FEES AND EXPENSES –REVOLVING LOAN FUND (RLF)

Application Fee: An application fee is due upon staff completion of a preliminary analysis of the loan proposed for submission to the Revolving Loan Fund Board. The fee is as follows:

<u>Loan Application Amount</u>	<u>Application Fee</u>
\$ 10,000.00 to \$100,000.00	\$ 250.00
\$100,001.00 to \$250,000.00	\$ 500.00
\$250,001.00 to an above	\$1,000.00

Upon applicant's review of the terms and conditions of a loan recommendation, should the loan not be recommended and/or approved by the Lodi Loan Advisory Committee and/or the City of Lodi, the loan application fee, or a pro-rated portion thereof, may be refunded to the applicant.

Upon applicant's review and approval of the terms and conditions of a loan recommendation, should the applicant decide to withdraw the loan proposal, the application fee is non-refundable.

Upon loan approval, the loan application fee shall be applied first to legal expenses incurred by the Lodi Revolving Loan Fund for the documentation of the Note and Loan Agreement, secondly to out-of-pocket expenses incurred by the Lodi Revolving Loan Fund on behalf of the applicant.

Loan Fee: As recommended by staff on a case-by-case basis, dependent upon the loan amount requested, the terms of repayment requested and the collateral offered as security for the loan requested. Minimum loan fee is to be one-half (.50) percent of one (1) percent of the loan amount requested; the maximum loan fee to be three (3) percent of the loan amount requested.

Appraisal Fees: RLF Loan borrowers shall arrange and pay for required appraisals.

Out-of –Pocket Expenses: RLF loan borrowers shall pay for out-of-pocket expenses including but not limited to title reports, recording and escrow fees.

Environmental Studies: Environmental Studies/Reports: If real property is offered as collateral for any part of the loan, and environmental study/report (Phase I of Phase II) may be required to ensure that real property is not contaminated. The borrower shall pay costs for the preparation of the environmental study/report.

Closing Costs: Costs associated with the preparation of the Loan Agreement and Note as incurred by the Lodi Revolving Loan Fund, including but not limited to, title reports, recording fees and escrow fees will be charged to the borrower. All costs incurred shall be due and payable to the Revolving Loan Fund.

Modifications: Costs associated with the preparation or modification (which may or may not be granted) of the Note and Loan Agreement as incurred by the Revolving Loan Fund, including, but not limited to attorney fees, title fees, recording fees and escrow fees will be charged to the borrower. All costs incurred shall be due and payable to the Revolving Loan Fund at the time of signing of the modification.

I have read and understand the above schedule of fees and expenses as they pertain to the Lodi Revolving Loan Fund (RLF) financing program.

Date

EXHIBIT C COMMITMENT LETTER

LOAN APPROVAL AND SUMMARY SHEET**Business Name:****Address:****Business Structure:****Source and Use
of Funds:****Source****Use****Repayment Schedule:****Primary Source of Repayment:****Secondary Source of Repayment:****Collateral:****Risk Assessment:****Management Experience:****Competition:****Number of Jobs Created:**

Date:

Action Item A-1

To: The Lodi Loan Advisory Committee

From: Wendell Youngsma, San Joaquin County Business Loan Officer

Subject: Recommendation to Approve the Loan Request of

IT IS RECOMMENDED:

1. The
2. The
3. Repayments begin
4. The

BACKGROUND:

MANAGEMENT:

SOURCES AND USES OF FUNDS:

Source

Use

COLLATERAL:

FINANCIAL CHARACTERISTICS:

Personal Income and Expense Analysis
INCOME

**EXHIBIT D
CREDIT MEMO**

EXPENSES

The personal financial statement forconsists of the following (in thousands):

Assets:

Cash
Investments
Vehicles
Household
R/E
Other R/E

Total Assets \$

Liabilities:

Credit Cards
Revolving
Auto
RE

Total Liab. \$
Net Worth \$
Total \$

REASONS FOR RECOMMENDATION:

FISCAL IMPACT:

OTHER MATTERS:

NET CITY COSTS: None.

ACTION TAKEN UPON RECOMMENDATION:

1.
2.

ACTION TAKEN: APPROVED _____ DISAPPROVED _____ OTHER _____

BY: _____ DATE: _____

MOTIONED BY: _____ SECONDED BY: _____

YES: _____ NO: _____

**EXHIBIT D
CREDIT MEMO**

BUSINESS LOAN AGREEMENT

EXHIBIT E

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$50,000.00	09-08-2006	09-08-2011					
References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: Joe Borrower
123 Your Street
Stockton, CA 95201

Lender: San Joaquin County Revolving Loan Fund
56 S. Lincoln Street
Stockton, CA 95203

THIS BUSINESS LOAN AGREEMENT dated September 8, 2006, is made and executed between Joe Borrower ("Borrower") and San Joaquin County Revolving Loan Fund ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement ("Loan"). Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of September 8, 2006, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Business Activities. Borrower maintains an office at 123 Your Street, Stockton, CA 95201. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's principal office address or any change in Borrower's name. Borrower shall do all things necessary to comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold

BUSINESS LOAN AGREEMENT (Continued)

harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to s and to provide Lender with copies of any records it may request, all at Borrower's expense.

BUSINESS LOAN AGREEMENT (Continued)

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

RECOVERY OF ADDITIONAL COSTS. If the imposition of or any change in any law, rule, regulation or guideline, or the interpretation or application of any thereof by any court or administrative or governmental authority (including any request or policy not having the force of law) shall impose, modify or make applicable any taxes (except federal, state or local income or franchise taxes imposed on Lender), reserve requirements, capital adequacy requirements or other obligations which would (A) increase the cost to Lender for extending or maintaining the credit facilities to which this Agreement relates, (B) reduce the amounts payable to Lender under this Agreement or the Related Documents, or (C) reduce the rate of return on Lender's capital as a consequence of Lender's obligations with respect to the credit facilities to which this Agreement relates, then Borrower agrees to pay Lender such additional amounts as will compensate Lender therefor, within five (5) days after Lender's written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, or (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change ownership, dissolve or transfer or sell Collateral out of the ordinary course of business.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Borrower will not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding

BUSINESS LOAN AGREEMENT (Continued)

or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

BUSINESS LOAN AGREEMENT EXHIBIT. An exhibit, titled "Compliance with Federal Law," is attached to this Agreement and by this reference is made a part of this Agreement just as if all the provisions, terms and conditions of the Exhibit had been fully set forth in this Agreement.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided.

BUSINESS LOAN AGREEMENT (Continued)

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. To the extent permitted by applicable law, all parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means Joe Borrower and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means San Joaquin County Revolving Loan Fund, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note executed by Joe Borrower in the principal amount of \$50,000.00 dated September 8, 2006, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

**BUSINESS LOAN AGREEMENT
(Continued)**

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BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED SEPTEMBER 8, 2006.

BORROWER:

X _____
Joe Borrower

LENDER:

SAN JOAQUIN COUNTY REVOLVING LOAN FUND

By: _____
Authorized Signer

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EXHIBIT A

COMPLIANCE WITH FEDERAL LAW

Borrower will protect and hold the Federal Government harmless from and against all liabilities that the Federal Government may incur as a result of providing an award to assist (directly or indirectly) in site preparation or construction as well as the renovation or repair of any facility or site. This applies to the extent that such liabilities are incurred because of ground water, surface, soil or other conditions caused by operations of the Borrower or any of its predecessors on the property.

Borrower will comply with all applicable federal regulations and statutes and with the requirements of the federal sponsoring agency concerning special requirements of the law, program requirements, and other administrative requirements, as set forth in the Economic Development Administration of the United States Department of Commerce ("EDA") publications : "U.S. Department of Commerce Economic Development Administration Revolving Loan Fund Standard Terms and Conditions," including, without limitations:

1. **Pre-loan Requirements** Borrowers must comply with applicable laws and regulations including but not limited to 13 CFR §§ 316.1, 316.3, 316.7, 316.8, 316.15, and 317.
2. **Non-Discrimination Requirements** No person in the United States shall on the grounds of race, color, national origin, handicap, age, religion, or sex be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance. The borrower agrees to comply with the non-discrimination statutory provisions below
 - a) Title VI of the Civil Rights Act of 1964 (42 USC § 2000d) and DoC implementing regulations published at 15 CFR Part 8 which prohibit discrimination on the grounds of race, color, or national origin under programs or activities receiving Federal financial assistance
 - b) Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681 et seq.) prohibiting discrimination on the basis of sex under Federally assisted education programs or activities;
 - c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794) and DoC implementing regulations published at 15 CFR Part 8b prohibiting discrimination on the basis of handicap under any program or activity receiving or benefiting from Federal assistance;
 - d) The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.) and DoC implementing regulations published at 15 CFR Part 20 prohibiting discrimination on the basis of age in programs or activities receiving Federal financial assistance;
 - e) The Americans with Disabilities Act of 1990 42 U.S.C. § 12101 et seq.) prohibiting discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or provide public transportation;
 - f) Section 112 of P.L 92-65 (42 U.S.C § 3123) prohibiting sex discrimination in any program or activity receiving Federal financial assistance under PWEDA.
 - g) Any other applicable non-discrimination law(s).
3. **Davis Bacon Act** In accordance with section 602 of PWEDA, al laborers and mechanics employed by contractors or subcontractors on projects assisted by EDA under PWEDA shall be paid in accordance with the Davis-Bacon Act, as amended (40 U.S.C 276a – 276a-5)

Initial _____

Initial _____

COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$50,000.00	09-08-2006	09-08-2011					
References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Grantor: Joe Borrower
123 Your Street
Stockton, CA 95201

Lender: San Joaquin County Revolving Loan Fund
56 S. Lincoln Street
Stockton, CA 95203

THIS COMMERCIAL SECURITY AGREEMENT dated September 8, 2006, is made and executed between Joe Borrower ("Grantor") and San Joaquin County Revolving Loan Fund ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement:

All inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intangibles (including but not limited to all software and all payment intangibles); all fixtures; all attachments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all records and data and embedded software relating to the foregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter arising, whether now owned or hereafter acquired or whether now or hereafter subject to any rights in the foregoing property; and all products and proceeds (including but not limited to all insurance payments) of or relating to the foregoing property.

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

Some or all of the Collateral may be located on the following described real estate:

123 Your Street, Stockton, Ca. 95201

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender.

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the authorized signer(s); (4) change in Grantor's principal office address; (5) change in Grantor's principal residence; (6) conversion of Grantor to a new or different type of business entity; or (7) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or principal residence will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the time any account becomes subject to a security interest in favor of Lender, the account shall be a good and valid account representing an undisputed, bona fide indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect, Grantor shall not, without Lender's prior written consent, compromise, settle, adjust, or extend payment under or with regard to any such Accounts. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts or general intangibles, the records concerning the Collateral) at Grantor's address

COMMERCIAL SECURITY AGREEMENT (Continued)

shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, including the sales of inventory, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of California, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. While Grantor is not in default under this Agreement, Grantor may sell inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale in the ordinary course of Grantor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum not to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premium. (15) days before payment is due, the reserve funds are

insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a security interest under this Agreement changes, Grantor will promptly notify the Lender of such change.

GRANTOR'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS. Until default and except as otherwise provided below with respect to accounts, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. Until otherwise notified by Lender, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Lender may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Lender for application to the Indebtedness. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The death of Grantor, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the California Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may then sell, lease, convey, or otherwise dispose of the Collateral and make it available to Lender at a place to be

COMMERCIAL SECURITY AGREEMENT (Continued)

designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the Rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the Indebtedness and, at Lender's option, shall be payable by Grantor as provided in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's attorney-in-fact for the purpose of executing any documents

necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the Indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. To the extent permitted by applicable law, all parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means Joe Borrower and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means Joe Borrower.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means San Joaquin County Revolving Loan Fund, its successors and assigns.

Note. The word "Note" means the Note executed by Joe Borrower in the principal amount of \$50,000.00 dated September 8, 2006, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED SEPTEMBER 8, 2006.

COMMERCIAL SECURITY AGREEMENT
(Continued)

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GRANTOR:

X _____
Joe Borrower

LASER PRO Lending, Ver. 5.32.10.003 Copr. Harland Financial Solutions, Inc. 1997, 2006. All Rights Reserved. - CA C:\APPS\CFNLPL\E40.FC TR-12941 PR-26

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$50,000.00	09-08-2006	09-08-2011					
References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: Joe Borrower
123 Your Street
Stockton, CA 95201

Lender: San Joaquin County Revolving Loan Fund
56 S. Lincoln Street
Stockton, CA 95203

Principal Amount: \$50,000.00

Date of Note: September 8, 2006

PROMISE TO PAY. Joe Borrower ("Borrower") promises to pay to San Joaquin County Revolving Loan Fund ("Lender"), or order, in lawful money of the United States of America, the principal amount of Fifty Thousand & 00/100 Dollars (\$50,000.00), together with interest at the rate of 8.000% per annum on the unpaid principal balance from September 8, 2006, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 60 payments of \$1,013.82 each payment. Borrower's first payment is due October 8, 2006, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on September 8, 2011, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Interest on this Note is computed on a 30/360 simple interest basis; that is, with the exception of odd days in the first payment period, monthly interest is calculated by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by a month of 30 days. Interest for the odd days is calculated on the basis of the actual days to the next full month and a 360-day year. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

PREPAYMENT; MINIMUM INTEREST CHARGE. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$50.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: San Joaquin County Revolving Loan Fund, 56 S. Lincoln Street Stockton, CA 95203.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged 6.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, the interest rate on this Note shall, if permitted under applicable law, immediately increase by 5.000 percentage points.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. To the extent permitted by applicable law, Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of California.

**PROMISSORY NOTE
(Continued)**

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COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instrument listed herein: inventory, chattel paper, accounts, equipment, general intangibles and fixtures described in a Commercial Security Agreement dated September 8, 2006.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: San Joaquin County Revolving Loan Fund 56 S. Lincoln Street Stockton, CA 95203.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

X _____
Joe Borrower

AGREEMENT TO PROVIDE INSURANCE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$50,000.00	09-08-2006	09-08-2011					

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Grantor: Joe Borrower
123 Your Street
Stockton, CA 95201

Lender: San Joaquin County Revolving Loan Fund
56 S. Lincoln Street
Stockton, CA 95203

INSURANCE REQUIREMENTS. Grantor, Joe Borrower ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Grantor by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral"):

Collateral: All Inventory, Equipment and Fixtures.

Type: All risks, including fire, theft and liability.

Amount: Full Insurable Value.

Basis: Replacement value.

Endorsements: Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of thirty (30) days prior written notice to Lender.

Latest Delivery Date: By the loan closing date.

INSURANCE COMPANY. Grantor may obtain insurance from any insurance company Grantor may choose that is reasonably acceptable to Lender. Grantor understands that credit may not be denied solely because insurance was not purchased through Lender.

FAILURE TO PROVIDE INSURANCE. Grantor agrees to deliver to Lender, on the latest delivery date stated above, proof of the required insurance as provided above, with an effective date of September 8, 2006, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may do so at Grantor's expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. GRANTOR ACKNOWLEDGES THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL, UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL; HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.

AUTHORIZATION. For purposes of insurance coverage on the Collateral, Grantor authorizes Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED SEPTEMBER 8, 2006.

GRANTOR:

X _____
Joe Borrower

FOR LENDER USE ONLY INSURANCE VERIFICATION	
DATE: _____	PHONE: _____
AGENT'S NAME: _____	
AGENCY: _____	
ADDRESS: _____	
INSURANCE COMPANY: _____	
POLICY NUMBER: _____	
EFFECTIVE DATES: _____	
COMMENTS: _____	

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$50,000.00	09-08-2006	09-08-2011					

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: Joe Borrower
123 Your Street
Stockton, CA 95201

Lender: San Joaquin County Revolving Loan Fund
56 S. Lincoln Street
Stockton, CA 95203

LOAN TYPE. This is a Fixed Rate (8.000%) Nondisclosable Loan to an Individual for \$50,000.00 due on September 8, 2011.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

☐ Personal, Family, or Household Purposes or Personal Investment.

☒ Business (Including Real Estate Investment).

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$50,000.00 as follows:

Amount paid to Borrower directly:	\$50,000.00
\$50,000.00 Deposited to Checking Account # 12345678	_____

Note Principal:	\$50,000.00
-----------------	-------------

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED SEPTEMBER 8, 2006.

BORROWER:

X _____
Joe Borrower

Exhibit "B"

COVENANTS AND CONDITIONS TO LOAN AGREEMENT

General Conditions:

- ___ 1. Borrower is to submit to RLF staff, company prepared accrual basis, semi-annual financial statements, to include balance sheet, income statement within thirty (30) days of period end.
- ___ 2. Borrower is to submit to RLF Staff, CPA accrual basis reviewed annual financial statements to include balance sheet, income statement, sources and uses of funds and reconciliation of net worth within sixty (60) days of period end.
- ___ 3. Borrower is to submit to RLF Staff, company tax returns concurrent to submission to the Internal Revenue Service.
- ___ 4. Borrower is to submit to RLF Staff, annual financial statements and tax returns of the partners within thirty (30) days of submission of tax returns to the Internal Revenue Service.
- ___ 5. The RLF must receive written notice of:
 - a.) All litigation affecting Borrower where the amount is \$5,000.00 or more;
 - b.) Any substantial dispute which may exist between Borrower and any governmental regulatory body or law enforcement authority;
 - c.) Any other matters which has resulted or might result in a material adverse change in Borrower's financial condition or operations;
- ___ 6. Borrower is not to liquidate or dissolve or enter into any consolidation, merger, pool, joint-venture, syndicate, or other combination or sell, lease or dispose of Borrower's business or assets without obtaining the RLF Board consent. The RLF Board will not unreasonable withhold consent.
- ___ 7. Borrower is to provide the RLF with personal guaranty of the managing partners.
- ___ 8. The following financial covenants are to be maintained by the Borrower throughout the loan period:
 - a.) Minimum Working Capital _____
 - b.) Minimum Current Ratio _____
 - c.) Minimum Tangible Net Worth _____
 - d.) Maximum Debt to Tangible Net Worth _____

EXHIBIT E
COVENANTS & CONDITIONS

e.) Minimum Debt Service Ratio _____

For purposes of the Loan Agreement, definitions of the above financial covenants are to be determined in accordance with generally accepted accounting principles and practices consistently applied.

- ___ 9.) Borrower shall utilize the employment services of WorkNet as a first source for hiring new personnel.
- ___ 10.) At a minimum, Borrower shall maintain and/or hire a job force at its principal place of business located in Lodi as follows:

See Exhibit "C" Attached

In the event that Borrower does not meet the hiring schedule set forth above, Borrower shall pay on a monthly basis to lender on account of principal owed by Borrower on the Note, an amount equal to two (2) times the projected employee(s) monthly salary or wage, for each employee that Borrower has failed to hire under the above schedule.

- ___ 11.) Borrower is to provide the RLF with an assignment of Keyperson Life Insurance on _____ in an amount sufficient to cover the outstanding loan balance during the life of the loan.
- ___ 12.) Owner/Partners salary/draw is not to exceed \$0 annually without prior written consent of the RLF Board. The RLF Board will not unreasonably withhold consent.
- ___ 13.) Cash or asset dividends, purchase of Treasury Stock, and loans to stockholders cumulatively are not to exceed ___% of net profit after-tax in any fiscal year, without prior written consent of the RLF Board. The RLF Board will not unreasonably withhold consent.

COLLATERAL

- ___ 14.) Borrower is to provide the RLF with purchase orders/agreement for equipment to be purchased prior to funding.
- ___ 15.) Borrower is to provide the RLF with proposed construction contract to include materials and cost breakdown prior to funding.
- ___ 16.) Borrower is to keep in force, fire, theft and hazard insurance in adequate amounts as is usual in the business carried on by the Borrower. Evidence of insurance with the RLF named as loss payee is to be provided to the RLF during the life of the loan.

**EXHIBIT E
COVENANTS & CONDITIONS**

- ___ 17a.) Borrower shall provide the RLF with a Security Agreement and UCC Filing showing the RLF in a first lien position on all new equipment purchased with RLF Loan Funds.
- ___ 17b.) Borrower shall provide the RLF with a Security Agreement and UCC filing showing the RLF in a first lien position on all equipment, now owned or hereafter acquired.
- ___ 18.) Borrower shall provide the RLF with a signed lease, acceptable to the RLF for a term not less than the term of the loan plus six (6) months and a Landlord Waiver. The Landlord Waiver to be prepared by the RLF.
- ___ 19.) Borrower shall provide the RLF with an appraisal of real property to be pledged as collateral. Appraisal shall be in form and substance as acceptable by the RLF. Cost of the appraisal to be paid by Borrower.
- ___ 20.) Title Insurance in a form acceptable to the RLF is to be obtained on all property pledged as collateral for an amount at least equal to the RLF advance against subject collateral. Cost of Title Insurance is to be paid by Borrower.
- ___ 21.) Borrower is to submit annual Employee Update to RLF Staff.
- ___ 22.) Within ninety (90) days after close of its Fiscal Year End and Annually thereafter, Borrower shall pay to the RLF, ten (10) percent of its net profits, described as net earning less partners draw. Each payment is to be applied to principal installments in the inverse order of their due dates. These payments are in addition to all other scheduled repayments and are due unless waived, in writing by the RLF Board. Waivers are to be requested in writing by Borrower sixty (60) days prior to requested payment.
- ___ 23.) Borrower is to subordinate to the RLF stockholder debt in the amount of \$0 as evidenced by the Financial Statement, for the term of the RLF loan. Interest that does not exceed market rates may be paid.
- ___ 24.) Borrower is to provide Purchase Agreement valuations of the assets in a form and substance acceptable by staff.
- ___ 25.) Lien releases are to be provided to the RLF prior to disbursements.

EXHIBIT E
COVENANTS & CONDITIONS



San Joaquin County Revolving Loan Fund

September 11, 2006

Mr. Blair King
City Manager, City of Lodi
221 W. Pine Street
Lodi, CA 95241-1910

Services provided to the City of Lodi Business Loan Program by the San Joaquin County

Dear Mr. King:

This letter outlines the services, which the Revolving Loan Fund may provide to the City of Lodi to support your Business Loan Program. Please note that performance of these services is subject to approval, by the San Joaquin County Board of Supervisors, of a contract for services between the Revolving Loan Fund and the City of Lodi. The RLF is capable and ready to provide any or all of the services listed below.

- Application processing
- Credit analysis/underwriting in compliance with pre-established criteria and guidelines
- Prepare credit memo describing the proposed transaction
- Present credit memo/loan proposal to loan advisory board, in conjunction with city staff
- Perform loan closing and servicing functions including payment processing, reporting, and collection of delinquent accounts
- In order to determine costs, we propose offering these services *pro bono* for the first loan.

The San Joaquin County Revolving Loan Fund (RLF) provides funding for local businesses that are unable to obtain adequate financing from traditional sources. Since inception in 1977, the RLF has lent over \$27 million to area businesses resulting in the creation of over 2,700 jobs. RLF funds were granted to the county from the federal Economic Development Administration and all loans are granted in compliance with all applicable federal regulations.

Sincerely,

A handwritten signature in black ink, appearing to read "Fran Aguilera", is written over the typed name.

Fran Aguilera
Economic Development Director

**TO BE PROVIDED ON
BLUE SHEET
AT THE MEETING**

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING PROGRAM GUIDELINES OF THE
REVOLVING LOAN FUND FOR THE CITY OF LODI'S
ECONOMIC DEVELOPMENT JOBS PROGRAM

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby approves the Program Guidelines for the Revolving Loan Program for the City of Lodi's Community Development Block Grant (CDBG) Economic Development Jobs Program.

Dated: September 20, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 20, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. PERRIN
Interim City Clerk

2006-_____



CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Approval of Expenses Incurred by Outside Counsel/Consultants Relative to the Environmental Abatement Program Litigation and Various Other Cases being Handled by Outside Counsel (\$130,186.10).

MEETING DATE: September 20, 2006 City Council Meeting

PREPARED BY: City Attorney's Office

RECOMMENDED ACTION: That the City Council approve for payment expenses incurred by outside Counsel/Consultants related to the Environmental Abatement Litigation in the total amount of \$129,450.90, and Various other cases being held by Outside Counsel in the amount of \$735.20.

BACKGROUND INFORMATION: Listed below are invoices from the City's outside counsel, Folger, Levin & Kahn; Kronick, Moskovitz, Tiedemann & Girard; and JAMS Mediation Service, for services incurred relative to the Environmental Abatement Program litigation, and various other matters that are currently outstanding and need to be considered for payment.

Folger Levin & Kahn - Invoices Distribution

Matter No.	Invoice No.	Date	Description	Water Acct. Total Amount
8002	96861	7/30/2006	People v M&P Investments	\$22,047.56
				\$ (650.00)
8003	96862	7/30/2006	Hartford Insurance Coverage Litigat	\$105,045.76
				(\$2,840.00)
8008	96863	7/30/2006	City of Lodi v. Envision Law Group	\$5,062.38
	13606	7/30/2006	Keith O'Brien/PES Environmental, In	\$225.00
	6268	6/30/2006	Peter Krasnoff, West Envir. Service	<u>\$292.50</u>
				\$129,183.20

Kronick Moskovitz Tiedemann & Girard - Invoices Distribution

Matter No.	Invoice No.	Date	Description	Total Amount	Distribution	Water Acct.
11233.019	227478	08/25/06	Claims by Envir. Consultants	\$267.70	100351.732	\$267.70
11233.027	227478	08/25/06	Citizens for Open Govt. v. Col	107.95	107.95	
11233.029	227478	08/25/06	AT&T v. City of Lodi	627.25	627.25	
				<u>\$1,002.90</u>	<u>735.20</u>	<u>\$267.70</u>

APPROVED: _____

Blair King, City Manager

FISCAL IMPACT: Expenses in the amount of \$735.20 will be paid out of the General Fund with \$107.95 of that amount billed to Walmart for City's defense of the Citizens for Open Government litigation. The remaining expenses will be paid out of the Water Fund.

FUNDING AVAILABLE:	Water Fund	\$129,450.90
	General Fund	\$ 735.20

Approved:

Approved:

Ruby Paiste, Financial Services Manager

Stephen Schwabauer, City Attorney